A Rapid Assessment
of
21st Century Work Force Development Needs: Jobs for the 21st Century
Asia and the Near East Bureau, USAID/Washington

India: Workforce Opportunities and Challenges for Unemployed Youth in the National Capital Region, Maharashtra and Jharkhand

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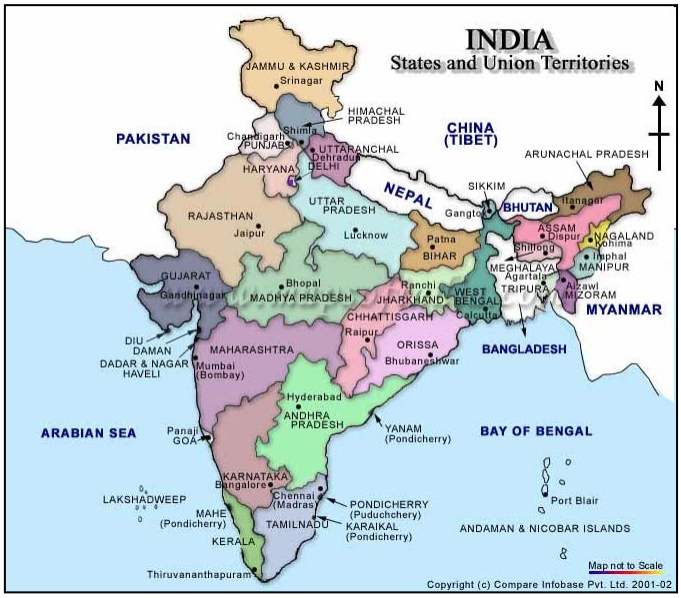

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Acronyms

ABE	Adult Basic Education
ADB	Asian Development Bank
AICTE	All India Council of Technical Education
AIE	Alternative Innovative Education
ANE	Asia and the Near East
AWE	Access with Equity Scheme
B2Y	Business to Youth
BATS	Boards of Apprenticeship Training
BPL	Below Poverty Line
BYST	Bharatiya Yuva Shakti Trust
CAC	Central Apprenticeship Council
CAP	Community and Progress Foundation
CBRE	C.B. Richard Ellis
CDS	Current daily status
CEP	Continuing Education Program
CIDC	Construction Industry Development Council
CII	Confederation of Indian Industry
CSR	Corporate Social Responsibility
CTS	Craftsmen Training Scheme
CTSA	Central Tibetian School Administration
DGET	Department of General Education and Training
DHS	Department of Health Services
DPEP	District Primary Education Program
DRDA	Department of Rural Development and Agriculture
EAG	Empowered Action Group
EDC	Education Development Center
EDI	Entrepreneurship Development Institute
EDP	Entrepreneurship Development Program
EGS	Education Guarantee Scheme
ELP	Education Loan Product
ESDP	Employability Skills Development Program
ESL	English as a Second Language
EU	European Union
FDI	Foreign Direct Investment
FICCI	Federation of Indian Chambers of Commerce and Industry
FT	Full Time
FWWB	Friends of Women ' World Banking
GCI	Grameen Capital India
GDA	Global Development Alliance
GDP	Gross Domestic Product
GOI	Government of India
GWIT	Global Workforce in Transition
HRD	Human Resource Development
ICT	Information and Communications Technology
ICT	Information & Communications Technology
IGNOU	Indira Gandhi National Open University
IIM	Indian Institute of Management

IIT	Indian Institute of Technology
ILO	International Labor Organization
ISTE	Indian Society for Technical Education
IT	Information Technology
ITC	Information Technology & Communications
ITC	Industrial Training Center
ITI	Industrial Training Institute
JRY	Jawahar Rozgar Yojana
JSS	Jan Shikshan Sansthan
KVIC	Khadi and Village Industries Commission
KVK	Krishi Vigyan Kendra
KVS	Kendirya Vidalaya Sangathan
LABS	Livelihood Advancement Business School
LFI	Local Finance Institution
LRC	Livelihood Resource Center
MCRDCE	Madras Center for the Research and Development of Community Education
MFI	Micro Finance Institution
MHRD	Ministry of Human Resource Development
MOU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprise
MTA	Mother-Teachers Associations
NAAC	National Accreditation Assessment Council
NBFC	Non-banking Finance Company
NCAER	National Council of Applied Economic Research
NCERT	National Council for Education Research and Training
NCMP	National Common Minimum Program
NCR	National Capital Region
NCTA	National Competency Testing Agency
NCVT	National Council for Vocational Training
NFE	Non-formal Education
NGO	Non Government Organization
NIEPA	National Institute for Education, Planning and Administration
NIIT	National Institute of Information Technology
NIOS	National Institute for Open Schooling
NLM	National Literacy Mission
NOS	National Open School
NPE	National Policy on Education
NPEGEL	National Programme for Education of Girls at Elementary level
NRF	National Revenue Fund
NTC	National Trade Certificate
NVECQF	National education, Qualification and Certification Authority
NVS	Navodaya Vidyalaya Samiti
OSY	Out of School Youth
OU	Open University
PLP	Post Literacy project
PROBE	Peoples Response On Basic Education
PSK	Prarambhik Shiksha Kosh
PT	Part Time
PTA	Parent-Teachers Associations
PURA	Providing Urban Facilities in Rural Areas

R&D	Research and Development
Rs	Rupees
SATS	Statutory Apprenticeship Training Scheme
SC	Scheduled Caste
SCVT	State Council for Vocational Training
SEWA	Self Employed Women's Association
SEWAC	Self-employed Workers Association Chamber
SME	Small and Medium Enterprise
SO	Strategic Objective
SOEs	State Owned Enterprises
SSA	Sarva Shiksha Abhiyan
ST	Scheduled Tribe
STEP	Support To Training and Employment Programs
TAFE	Technical and Further Education
TEP	Teacher Education Program
TLC	Total Literacy Campaign
TNA	Training Needs Analysis
UEE	Universalization of Elementary Education
UGC	University Grants Commission
UPA	United Progressive Alliance
USAEP	United States Asia Environmental Partnerships
USAID	United States Agency for International Development
USD	United States Dollars
USP	Unique Selling Point
VE&T	Vocational Education and Training
VECs	Village Education Committees
VSAT	Very Small Aperture terminal
WB	World Bank
XITE	Xavier Institute for Tribal Education

1. INTRODUCTION

This section provides the general background for this Rapid Assessment of Jobs for the 2lst Century prepared for USAID India and USAID/Asia and Near East Bureau. This is followed by a description of the Assessment Framework – the methodology and the key concepts. This section also explores the context of workforce development issues in India as a whole and in the targeted regions, in particular. It highlights the fundamental issues now facing India in terms of youth, the private sector, and the education and training institutions, all main actors in the workforce development of a country.

The USAID Program in India has five objectives that concentrate on: (1) Economic Growth - targeting increased transparency and efficiency in the mobilization and allocation of resources; (2) Health - targeting improved overall health with a greater integration of food assistance, and reduced fertility; (3) Disaster Management Support - targeting reduced vulnerability to disasters for marginalized people; (4) Environmental Protection - targeting improved access to clean energy and water; the reduction of public subsidies through improved cost recovery; and promoting more efficient technology and management; and (5) Education/Equity - targeting improved access to elementary education, justice, and other social and economic services for vulnerable groups, especially women and children. In addition, there are regional initiatives in the areas of Energy and Equity - the South Asia Regional Initiative/Energy (SARI/Energy) and the SARI/Equity program promotes collaborative regional efforts. Gender, partnerships and governance are the key cross-cutting themes for USAID India.

The United States is the fifth largest bilateral donor to India, after Japan, the United Kingdom, Germany, and the European Union. USAID collaborates with other donors on economic growth, reproductive health, HIV/AIDS and other infectious diseases, disaster preparedness and management, air pollution control, urban environmental infrastructure, water, children's basic education, and women's empowerment.

1.1 BACKGROUND

The Jobs for the 21st Century assessment is sponsored by USAID's Asia and Near East (ANE) Bureau (Washington) to assist in the planning of workforce development programs for the youth population in four countries (Philippines, India, Pakistan, and West Bank/Gaza) within the region. The main goal of this assessment is to identify strategies and programming objectives to promote demand-driven workforce development projects. Working with USAID missions throughout Asia and the Near East, these assessments have addressed the following main issues:

- Help Missions define the gaps and needs for workforce development programming;
- Develop an analytical basis for USAID program components as described under the overall objectives for the ANE Bureau's strategic priority "Jobs for the 21st Century."
- Provide USAID with examples of programs and interventions that have succeeded in workforce development and job creation.

This particular assessment has been conducted within the country context of USAID India, with technical assistance provided by the Education Development Center (EDC), contracted through the Global Workforce in Transition (GWIT) financing facility. A six-member team of international and local consultants assisted by USAID India staff conducted a wide range of primary and secondary research to evaluate the workforce development issues in the context of India. One of the main goals of the report is to mesh current knowledge and information of India's workforce development into a coherent strategy

that examines the three main components of the assessment: youth, the economic environment that shapes workforce demand and the institutional supply of workforce training. In so doing, the report:

- Identifies growth sectors of the economy and specific sectors that face shortages of skilled labor
- Articulates key workforce issues – the disadvantages faced by the less than educated young people in finding jobs - and how they relate to broader issues of education, economics/finance, gender and health
- Analyzes the strengths and weaknesses of existing skills training programs and the gaps available in training and
- Develops programming recommendations and options.

As requested by USAID India, the scope of the assessment was narrowed to examine under-educated, at-risk youth, and to concentrate on three representative areas of the country: Delhi, Maharashtra, and Jharkhand. The choice of the states was based on the fact that initial investigations showed clear potential for growth in these areas. Besides, USAID India already had presence in these regions, thereby creating possibilities of synergy between current USAID programming in education and economic growth. Such targeting also helped in a more precise analysis of the linkages between the youth characteristics, the employability and skills requirements, the institutional characteristics and the programming possibilities of these three regions.

1.2 ASSESSMENT FRAMEWORK: KEY CONCEPTS AND METHODOLOGY

To begin the assessment, it is necessary to identify key concepts and definitions. Two central concepts are used throughout the study "unemployed youth" and "job placement and career opportunities".

Unemployed youth include those who are:

- 15 to 24 years old;
- Out-of-school or high school graduates with few job opportunities or little career guidance;
- Not working or underemployed; and/or
- Disconnected from formal or informal education and livelihood training programs.

Job placement and career opportunities are defined as:

- Likely to increase the income of the individual and/or his or her family;
- Likely to contribute to the growth or potential economic growth of the community;
- Demand-driven and based on criteria such as employer need and occupational forecast, with the potential to add value to an already existing commodity; and
- May lead to self-employment/entrepreneurship in a market-oriented industry or service.

The intent of this study is to identify; gaps between the reality of India's youth workforce and the needs of its growing economy; areas where better linkages can be made between labor market demand and the programs being implemented by India workforce education and training institutions; and Indian best practice approaches to addressing youth and workforce issues that have the potential for more widespread applicability.

This report is framed around the following central question:

How can job skills and placement opportunities for unemployed vulnerable youth be increased in the National Capital Region (Delhi), Maharashtra, and Jharkhand?

The main text of the report is organized into four sections, each of which seeks to answer specific questions.

Section II—Youth Profile: How can we better understand the context in which disadvantaged unemployed youth in three targeted Indian states live and seek to develop livelihoods? What are their social and economic situations, their aspirations and interests, and their education, training, and developmental needs?

Section III—Economic Environment and Workforce Issues: What do existing economic data and labor market information tell us about employment/self-employment opportunities for disadvantaged unemployed youth in the three targeted states? What employment/self-employment opportunities exist at the local, regional and national levels, and what kinds of skills do such youth need in order to take advantage of these opportunities?

Section IV—Dynamic of Institutions, Programs and Projects: What are the formal and non-formal education and training programs that can help prepare disadvantaged unemployed youth in the three targeted states for work and engagement in civil society? Do these programs need to be expanded, strengthened, or modified? Do new programs need to be developed?

Section V—Key Findings, Strategies and Recommendations. What is an overall strategy for workforce development for USAID India? What are some examples of such programming and projects? What are the main objectives of such programming? What are the various cross-linkages in key sectors of program activity for USAID India?

The methodology involved a review of available secondary source information and interviews with government agencies, think tanks, donor organizations, businesses, associations, and educators. To get a clear picture of youth needs and aspirations, the team also held focus groups with youth migrants, dropout youth (one mixed, one women), unemployed graduates, Muslim school children, alternative education students, business executives and NGOs. The methodology also included visits to educational institutions, workplaces and NGO program offices to get an idea of on-the-ground realities.

1.3 THE CONTEXT OF WORKFORCE ISSUES

India is experiencing unprecedented economic growth of greater than 8 percent per year. However, despite its impressive growth rate, the country faces two extremely important workforce issues – job shortages and unprepared workers. These two issues loom particularly large because of (a) the swelling of the workforce population with young people born in the past 15 years when the birth rate exceeded two percent per annum[1]; and (b) an ineffective training system. India's education and training efforts are, for the most part, failing to adequately prepare young people for entering the workforce and to provide value added to their jobs.

Projections for 2006 put India's population at 1.1 billion people, with 60 percent (more than 650 million) below the age of 30.[2] While the birth rate in India has dropped and population growth is now only 1.8 percent annually, the rate of growth of entrants to the workforce is still accelerating due to high birth rates in the late 1970's and early 1980's. This trend would put enormous pressure on any nation under even the most favorable of circumstances, but India must tackle this problem and simultaneously cope with the changing nature of industry and employment. Real wages are growing, but they are growing much faster

[1] Census 2001
[2] Planning Commission 10th Five-Year Plan

for those with higher education and marketable skills. This is contributing to a widening of the gap between the rich and the poor that could carry its own social dangers.

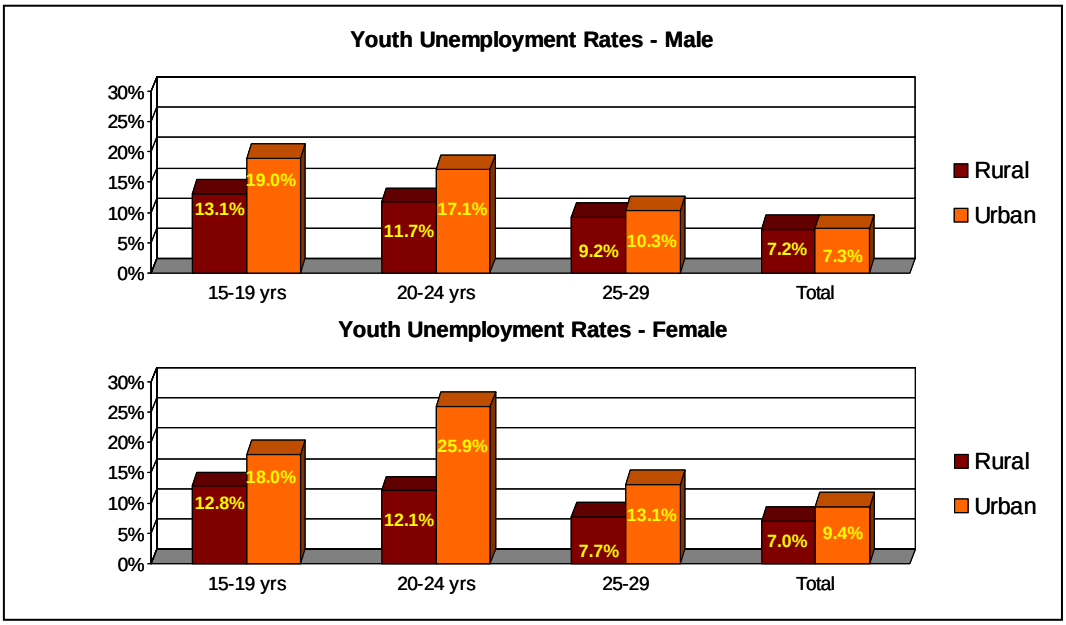
India is urbanizing rapidly and it is anticipated that agriculture employment will drop below 50 percent of total employment by 2010. This is just one indicator of a rapidly changing economy that will create new challenges for youth entering the workforce. Their job options are dramatically different than those of their parents, and are changing every day. The need for a more flexible and mobile workforce will require new skills and greater adaptability among youth. .

India's Planning Commission estimates unemployment nationwide was 9.21 percent in 2002, and expects it to exceed 10 percent within the next five years.[3] This is based on the Current Daily Status (CDS) system that asks respondents to quantify activities during the week immediately preceding the survey, and from that number extrapolates the total number of days worked in a year. Even this system may under-represent the real unemployment situation in India, where there are significant seasonal variations (particularly in rural areas) and considerable underemployment exists both in terms of time engaged in paid activities and the level of payment for work. For example, many people listed in the CDS as "self-employed" are essentially performing casual work disguised as subsistence-level micro-enterprises (e.g. the slum hair cutter or shoe repairman).

The unemployment rate among youth 15-24 years old is higher than the rest of the population, as illustrated in the table below. These statistics illustrate the persistent unemployment that youth face in the labor market in India. These statistics capture two key findings: (1) youth unemployment is measured higher for urban areas, yet underemployment of youth in rural areas has proven to be a large factor explaining migration; and (2) while the male unemployment rate is slightly higher in the rural areas, female employment is lower in urban areas. The gender gap is most significant in the age group 20-24 years. The differences between rural-urban unemployment (and underemployment) and the gender gap in terms of employment are key issues in distinguishing target beneficiaries and the programming to these distinct audiences. Throughout this report, specific findings will be presented based the urban-rural and gender characteristics of the youth, the institutions, and the programs.

[3] Tenth Five-Year Plan, Planning Commission. Extrapolated from the 55th National Sample Survey Organization (2000) data

Figure 1-1: Youth Unemployment Rates – Male vs. Female[4]



(Source: Census 2001)

1.4 WORKFORCE CONTEXT IN THREE TARGETED REGIONS.

For purposes of in-depth analysis on targeted youth beneficiaries and private sector possibilities, the assessment examined three main regions of the country: the Delhi National Capital Region (NCR)), Maharashtra and Jharkhand. Each of these three regions is unique, however, as explained in the following details, the main distinctions relate to the urban-rural divide and gender issues. Jharkhand is also distinctive for its large tribal population and the strong Naxalite presence, especially in the rural areas, Table 1-1 summarizes the main workforce issues, as they relate to employment-economic linkages and the specific characteristics of the youth population.

National Capital Region (NCR) and Maharashtra

Both the national capital region and Maharashtra are rapidly growing, absorbing large numbers of migrants from around the country, and straining under the infrastructure demands these demographic shifts are creating. Urban unemployment substantially exceeds rural (though under-employment is likely to be higher in rural areas) and the disparities between the wealthy elites and the general population are particularly visible. These heavily urbanized states are also a laboratory for new industries and the place where the shift from traditional industries to more service-oriented trades is most evident.

Both these areas are experiencing dramatic growth that substantially outpaces the economy as a whole, and if Foreign Direct Investment (FDI) can be used as an indicator for a region's competitiveness and future job creation potential, these are by far the two states with the most increasingly competitive

[4] National Sample Survey Organizaiton, 55th Round, 2000

economies. Over two-thirds (68 percent) of known FDI inflows from 2001 to February 2005 occurred in these two states, with Delhi edging out Maharashtra 36 percent to 32 percent.[5]

Delhi reports net migration of approximately 500,000 in 2004, and Mumbai of 250,000. 89 percent of the migrants are from rural areas, and over 50 percent of migrants are between 15 and 25 years old.[6] In Maharashtra, agriculture is in decline, and in both Delhi and Mumbai, the more traditional manufacturing industries are moving to outlying areas and nearby secondary cities to make way for new economy industries including the booming technology, finance, retail trade, services, hospitality, and construction sectors.

Both regions also are known for their relatively progressive policies and tend to be early adopters of new ideas, discussed elsewhere in this report. Both states are involved with vocational education reform, the government is encouraging employment promotion programs, informally acquired skills certification and closer workforce partnerships between business, government and academia

Maharashtra is a State where alongside urban areas, the small towns and rural agriculture remain critical jobs generates. Agricultural employment runs around 60 percent in two-thirds of the districts of the state. Maharashtra has generated the top employment growth of all states for the last six years, and at the same time is second in terms of enterprise growth.

Jharkhand

Data on Jharkhand are difficult to come by, as it only achieved statehood in 2001. For the purpose of this assessment, we used aggregated data that includes the state of Bihar and cross-referenced this information with interviews and secondary sources. While this is an imperfect analytical approach, some differences are very clear. Jharkhand has a demographic make-up that is markedly different than Maharashtra and Delhi. It has one of the largest tribal populations in India, and has a drop-out rate in primary and early secondary school that is more that three times that of either of the other two states studied. As with most rural areas, female unemployment does not differ much from male. Jharkhand also has a strong Naxalite presence that may make the need for positive interventions more pressing.

Jharkhand is a state full of seeming contradictions. Agriculture still predominates, but the state is also the center for well-developed heavy industries that are projected to grow substantially in the next few years. Tata produces the bulk of its steel in Jharkhand and also makes commercial vehicles. Mittal, the world's largest steel company, is planning a major investment and the state government has signed 40 memoranda of understanding (MOUs) with companies in mining, metallurgy, automotive, gemstones and other fields. It remains to be seen how many of these MOUs will come to fruition, but it would only take one or two of the larger ones to make a noticeable impact on economic growth and employment.

This mix of heavy industry and rural agriculture, however, creates highly differential development. Those living in Tata's steel town Jamshedpur, for instance, have a standard of living substantially higher than the national average, while Jharkhand as a whole is consistently at the bottom of list on economic and social development. Likewise, Jharkhand is known for the quality of some of its universities (e.g., Birla Institute of Technology) and vocational schools, yet it has some of the lowest primary and secondary school enrolment and highest dropout rates in the country.

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[5] Reserve Bank of India, Rajya Sabha Unstarred Question No. 3572, April 27, 2005.
[6] National Labour Institute, "Migration and Vulnerability to HIV/AIDS", 2005.

A relatively small population, coupled with a tax base that can draw on large manufacturing, makes Jharkhand one of only two states with a budget surplus. While the state is in the enviable position of having some discretionary funds it could put towards good programs, local governance seems particularly weak and there is a dearth of good public policy ideas and the capacity to implement them.

As the chart below illustrates, labor demand and unemployment are not uniform across the states. Rural and urban areas, even within a region, have different unemployment rates, with urban unemployment outpacing the rural.

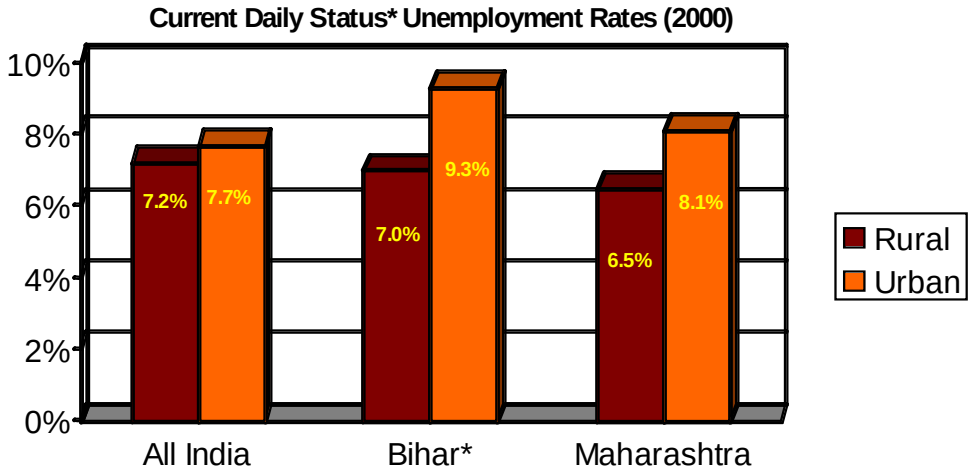


Table 1-1. Key Characteristics of Target Regions: Delhi, Maharashtra and Jharkhand

	Delhi	Maharashtra	Jharkhand
Positive Indicators	➢ Highest growth nation-wide – primary destination for foreign investment ➢ Booming retail, hospitality, tourism, household services and construction industries	➢ Manufacturing industries moving out of Mumbai to suburbs and secondary cities ➢ Slum population shifting from central Mumbai ➢ Booming technology, finance, retail trades and services and construction industries ➢ Relatively progressive policies – early adopters, such as vocational education, business partnership, and employment promotion program (EPP)	➢ Low growth state, but with opportunities for faster growth ➢ One of only two states with a budget surplus ➢ Large planned investment by corporations ➢ Dominated by heavy industries – Mining and Automotive
Negative Indicators	➢ 500,000 net in-bound migration with many "at risk" migrant workers ➢ Substantial "at risk" migrants predominantly from Bihar, Jharkhand and Uttar Pradesh ➢ High pressure on urban poor due to rising costs of living ➢ High unemployment among slum dwellers	➢ 250,000 net in-bound migration with many "at risk" migrant workers ➢ Agriculture in decline ➢ High pressure on urban poor due to rising costs of living ➢ High unemployment among slum dwellers	➢ Large rural and tribal population – mostly engaged in primary agriculture ➢ High migration to urban areas, both inter- and intra-state – (some seasonal) ➢ Disparity of incomes/opportunities and quality education ➢ Lower education levels and higher drop-out rate than India average ➢ Strong Naxalite presence (especially in rural areas) ➢ Low capacity and inexperience in public administration
Issues	*Rapid growth in selected industries, but large vulnerable slum, street and migrant population from specific regions. How do we link these two?* ➢ *Organized/safe migration to growth centers* ➢ *Better information and resources for likely migrants in Jharkand, Bihar and UP* ➢ *Identifying and formalizing informal sector education and training opportunities*	*The growth of smaller cities and shifting slum/migrant populations – how do we link these two?* ➢ *Create/support opportunities in smaller, high-growth cities and towns* ➢ *Organized/safe migration to growth centers*	*Pockets of disadvantage are the rural poor; opportunities are for urban and industry-led growth. How do we link these two?* ➢ *Organized/safe migration to growth centers* ➢ *Small farmer and agricultural trade?* ➢ *High-value horticulture and agribusiness/food processing but transportation and inter-state trade are issues*

2. PROFILE OF UNEMPLOYED YOUTH

Section 2 provides an analysis of the different types of unemployed youth in India (2.1); describes youth perspectives on issues of jobs and education (2.2); analyses gender issues in workforce (2.3); and lists out program focus areas for various categories of youth (2.4). It also highlights NGO programs that are successfully addressing issues of youth and workforce in India (2.5).

2.1. VULNERABLE YOUTH OVERVIEW

For the purposes of this assessment, "vulnerable youth" are defined as out-of-school individuals and high schools graduates from 15 to 24 years old with no further avenues and are either jobless or seriously underemployed. Those vulnerable youth who have not completed grade 10 or lack the skills requisite for employment are considered particularly at risk of poverty and vulnerable to exploitation.

Vulnerable youth in India are not a single homogenous cohort. The group can be disaggregated into four sub groups as follows:

- Youth in rural areas who have dropped out of primary or secondary school and lack employability skills;
- Youth who migrate from rural to urban areas or from one rural area to another, alone or with their families;
- Youth (both rural and urban) with secondary school diplomas or vocational education or university degrees who are not working;
- Youth who are long term slum-dwellers.

2.1.1 Rural Unemployed Out of School Youth (OSY)

This cohort of youth includes those living in rural areas that have dropped out of school before completing primary or secondary school education. These youth often drop out due to the need to earn money for their families, poor quality schooling, or parents who do not value formal education.

While traditional employment statistics paint a somewhat rosier picture for rural youth than their urban counterparts, the reality is that their situation is more unstable. Rural workers are more than five time less likely to earn a regular wage or salary than urban workers. The rural workforce is severely under-employed, with the vast majority classified as either self-employed or casual labor. In Jharkhand, only seven percent of rural workers earn a regular salary compared to 46 percent in the cities and towns.

In rural Jharkhand, the dropout rate in primary and early secondary school is more than three times that of either of Delhi or Maharashtra. An OSY from Jharkhand is likely to be an unemployed rural farm worker from a scheduled caste or tribe with little schooling. For six months out of the year – during planting and harvest season – he does backbreaking work from dawn to dusk on his family's land or other nearby plots. His sister may be able to fill some of the rest of the year with piece work if her fingers are nimble (knitting, stitching, handicrafts), but for him, with hardly any other enterprises to generate income between harvests, he is either idle or must join the temporary migration to other states to work as a casual/ agricultural labor.

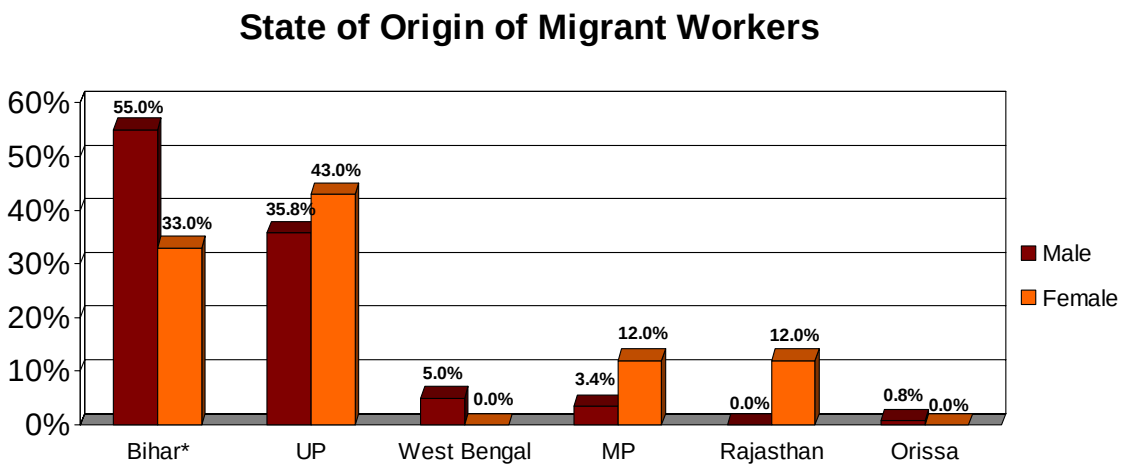
2.1.2 Migrant Youth

Migration in India takes place both when highly educated and skilled workers seek better opportunities, and when semi-skilled or low-skilled workers seek low cost labor market niches. The focus of this report is on the latter, as the population of young low-skilled migrant workers is far more numerous and vulnerable. When considering this group of migrants, exploitation – both criminal and wage– is a major concern. In many cases, "Migrants are preferred because their labor is easier to control and it is easier to extract labor from them under arduous conditions." [7] Migrants from very poor states often cover great distances. Significant problems with establishing education "catchments" exist, therefore, with migrant children being difficult to enroll and retain in school.

Rural youth, particularly young males, have the option of staying in rural areas or migrating to cities – driven by the perceived ability to earn an adequate livelihood. Rural young women tend to be less mobile and in need of economic empowerment. Access in rural areas to quality education and relevant training is often a problem, as is awareness of opportunities to pursue livelihoods, career interests, and jobs.

Migrants in greater Mumbai, numbering approximately 250,000 annually, come from the state's rural areas, lesser secondary cities and other states. These create pockets of migrants who are culturally and linguistically different.

Figure 2.1 Sate of Origin of Migrant Workers in greater Mumbai

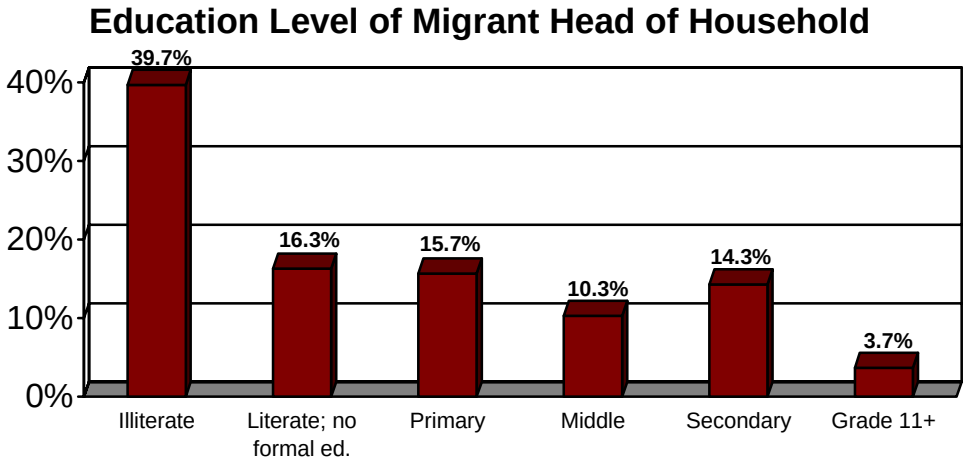


(Source: Census 2001)

More than 80 percent of migrants have no formal education or dropped out before secondary school. Many are unskilled or low skilled laborers seeking any type of work, and usually finding it in the informal sector. There also are skilled and semi skilled migrants, such as construction workers and nurses, who tend to be sourced from specific states. Both are transient, as the construction workers move from site to site and the nurses tend to migrate abroad when they improve their English. Construction workers tend to be from farms as they are used to hard physical labor.

[7] R. S Shrivastava And S.K. Sasikumar. *An Overview Of Migration In Idia, Its Impacts And Key Issues* Published By V.V. Giri National Labour Institute, Noida, India (2005)

Figure 2.2 Education Level of Migrant Head of Household in India



Much of the internal migration in India is unorganized.[8] That is, migrants do not have employment secured before they move and they receive no preparatory training or orientation, save the learning from the experiences of their peers. There is a pattern of unorganized migration from rural to secondary cities and on to major cities.[9]

There also is "semi organized" or "demand-driven" migration, such as in the construction and nursing fields, where labor bosses recruit in rural areas and bring workers to the cities to fill existing shortages.[10] Certain states have migrant "brand recognition" for supplying specific skills, such as nurses from Kerala and plumbers from Orissa.

Interviews at a large mall construction site in Pune with construction migrant workers, their labor bosses and management revealed that: wages were considered to be good; workers were farmers, recruited in rural districts by labor bosses from their region; skills tended to be informally learned from relatives on family or community jobs; workers with demonstrated skills, such as senior brick layers, received significant higher pay; minimal housing was provided, but spouses stayed home; women laborers were young, single, illiterate and cousins of the labor boss or sisters of other workers; male workers tended to be drop outs or illiterate; and workers returned home at harvest time. Both management and labor bosses said they would welcome some organized training (basic construction skills) and orientation (safety and health) of workers before workers move to the construction site. It was also noted workers did not opt for the government regulated benefits package available to them: although the reasons for this are not understood.

Migrants, men and women, particularly seasonal or temporary workers are getting particular attention as a vector for the transmission of HIV/AIDS.

External Migration

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[8] Internal migration comes under the aegis of Ministry of Home Affairs and Ministry of Labor while external migration is under the Ministry of External Affairs and the Ministry of Labor and Empowerment.

[9] R. S Shrivastava, op. cit., p. 9 And S.K. Sasikumar. *An Overview Of Migration In India, Its Impacts And Key Issues* Published By V.V. Giri National Labor Institute, Noida, India (undated)

[10] Ibid.

International migration from India is proportionally small but not insignificant in terms of absolute numbers. In 2005, India received the world's largest share of foreign remittances totaling $21.7 billion.[11] India has essentially two types of external migration: 1) People with technical skills and professional expertise who generally migrate permanently but in recent years are beginning to return; and 2) unskilled and semi-skilled workers including many young people, who predominantly migrate to the Middle East on temporary contracts. While the economic impact of this migration is large, the impact on overall employment is small but not insignificant – about 440,000 workers per year migrated overseas during the 1990's. About 360,000 per year, however, were on temporary contracts, so net migration is likely to substantially lower.[12]

2.1.3 Unemployed Youth Graduates

Unemployed school graduates are a third category of vulnerable youth. Within this category, it is important to make distinctions between secondary school graduates, graduates of technical vocational training programs, such as the Industrial Training Institutes (ITIs), and graduates of university level bachelor degree programs.

Secondary school graduates: The emphasis of government to expand access to secondary school education (described in Section 4) implies that there will be an increasing number of youth with secondary school degrees entering the workforce. Unless these youth graduate with basic employability skills and at least some vocational training, it will be difficult for them to gain productive jobs in the workforce after graduation. Therefore, the government plan to include a vocational track in the regular secondary school curriculum is important, and needs to be fully implemented in a timely manner. Implementation of the plan should draw upon the expertise of industry as well as the education sector. It would be very useful if the plan includes provision for school-based career counseling.

Graduates of technical/vocational training programs: Section 4 describes the growing cohort of post secondary educational institutions that provide youth with access to technical/vocational training. These include more traditional Industrial Training Institutes (ITIs) and Polytechnics, and more market oriented community polytechnics and community colleges. Recent studies by the World Bank, ILO and others have found that many young ITI and Polytechnic graduates have a difficult time getting jobs. Lack of industry-relevant curricula and training is largely responsible for the poor job placement record of most ITIs and Polytechnics.

University graduates: Across India, many private and public colleges are graduating students with basic liberal arts/science degree (BA/BSc Pass) . Enrolment in a BA/BSc Pass program is relatively easy, and graduation requirements are quite modest. With this degree, graduates bring pride and joy to their families. In many cases, however, the benefits end there. Such basic degrees are not respected in industry, and these youth find it challenging to convert their university degree into employment.

Even specialized degrees in Science, Arts, (BA/ BSc Honours), engineering and management are often rendered irrelevant due to the poor quality of university education available in most rural and semi urban areas. In most cases the curriculum emphasis is on subject knowledge and colleges provide little assistance on how this knowledge can be built into specific job skills.

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[11] *Global Economic Prospects for 2006*, World Bank
[12] **Ravi Srivastava,** *An Overview of Migration in India, It's Impact and Key Issues*, DFID.

There are, however, a number of colleges/ universities in Delhi and Mumbai who offer quality higher education and also prepare students with the right skills necessary for employment or research. While there is an all round preference for such professional programs, there are major constraints for the disadvantaged youth in terms of getting admission and costs.

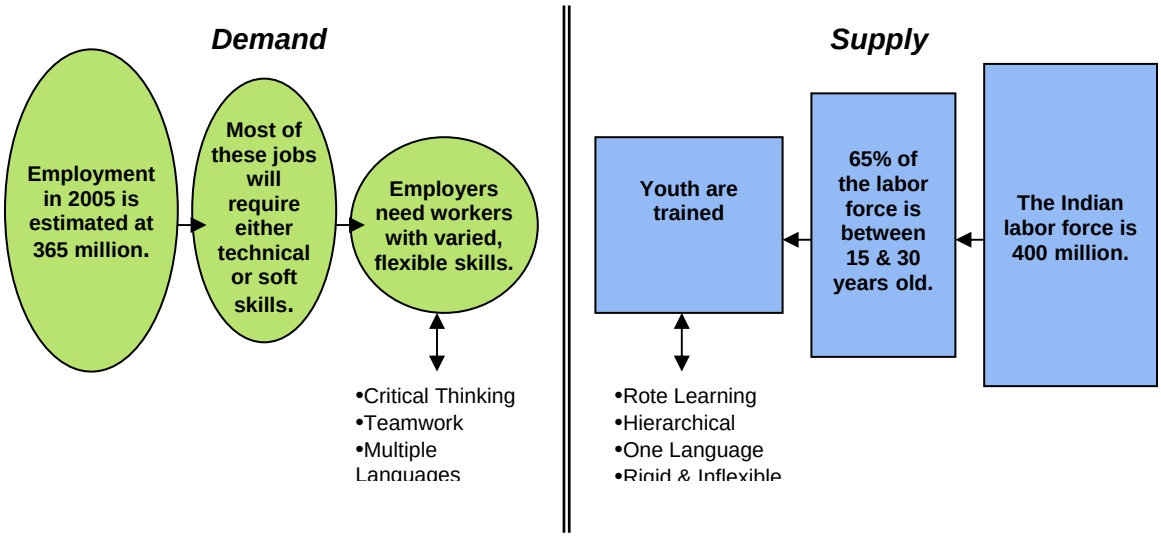
2.1.4 Urban Slum Dwellers

Youth in urban slums often leave school because it is necessary for them to work to feed themselves and their families, their parents don't value education, or the quality of formal school teaching is so low that the opportunity costs appear unreasonably high. The basic profile of the out-of-school unemployed youth in cities such as Delhi and Mumbai is: i) the male: school dropout with no more than an elementary school certificate from one of the outlying provinces. In Delhi, they are likely to be from Uttar Pradesh or Bihar; in Mumbai, probably from rural Maharashtra and Madhaya Pradesh. He has bounced around with his family to one or more other spots before finally settling here. Unless his father has a trade, he probably has no genuinely marketable skills and may not even speak the state language fluently. His time is spent seeking day work or piecemeal work as a laborer, errand boy, etc. Maybe sixty to seventy percent of the time he is lucky and finds an odd job – for this he would likely bring home less than a dollar to his family; ii) the female: again a school dropout with little or no schooling and a migrant, very likely working as domestic help or on a construction site. The female youth has the added vulnerability of being a female, suffers discrimination within the family and could be exposed to abuse and exploitation, including sexual harassment.

2.1.5 Youth Employment Overview

The economy in India is booming, but employment growth lags behind population growth, and 14 million additional jobs will be needed by 2012 to keep pace. There is also a mismatch between youth in the workforce and available jobs. Both the educated and the uneducated suffer from this. Few employers are willing to take a chance on dropouts, there is little in the way of "second chance" education and skills training, and there is a surplus of graduates with training that is irrelevant for the new economy.

Figure 2-3 Demand and Supply Skills Mismatch in India



In other words, as Figure 2-3 above illustrates, matching today's youth with employment opportunities is like trying to fit a square peg into a round hole.

2.2 YOUTH PERSPECTIVES

To help determine the perceptions of young people regarding workforce issues, focus groups were held with in-school and out-of-school youth, NGOs active with out-of-school youth, parents, employers and researchers. Five OSY focus groups consisted of one group of poor youth of mixed gender, one of single poor women with little education, another of un/under employed degree graduates; a fourth of migrants with low/ no skills, and the fifth of graduates from Muslim *madrasas*.

Qualifications

- There was a general sense of frustration among the participants in the focus groups. Most had actively tried to get jobs, but some others didn't even know where to begin looking.

- Participants across the board stated that their main handicap in looking for employment is a lack of education or vocational skills. Many industries target their hiring at job seekers with high school degrees or college diplomas. There are exceptions- for example, service industries such as fast food franchises and hotels, and the construction industry.

- Out-of-school youth realize that they must have specific, relevant qualifications in order to advance, and are highly motivated to obtain the skills and competencies necessary for employment; yet few know how to navigate the roadblocks that stand in their way.

- Skill-building education and training programs are rarely part-time, and OSY must earn a living once they leave school. They pursue basic survival occupations such as rag picker, pick-pocket, *samosa* vendor, shoe shine boy, messenger, cart hauler, pedal rickshaw driver, street vendor or paper boy. These jobs, necessary for staying alive, often yield very meager wages and take up a great deal of time, leaving youth with insufficient time or money to enroll and participate in a full-time skills training program.

- The participants in the women's focus group placed even more emphasis on the need for part-time education and job opportunities so they could balance them with family and household duties.

- As discussed in this assessment, NGOs that provide part-time training are in very high demand. The Open University, which offers a part-time degree program, also is very highly sought after by the OSY population.

- The youth who do succeed in pursuing training often manage to find more profitable and less hazardous jobs as bakers, printers, beauticians, salesmen, professional photographers, data entry clerks, computer aided graphic designers, computer programmers, mechanics, home care workers or nannies.

Contacts

- Most of the youth felt that even with proper skills training, good jobs only come through having the right contacts and approach – something that few of them had much hope of developing since most were not natives of Delhi and had few contacts.

Access to Opportunities

- In addition to lacking the necessary skills or contacts, many OSY are not aware of the job opportunities and career paths available, how to seek employment, or how to behave on the job if they do get hired. This indicates a need for career placement and training services targeted at OSY.

Job Ambitions

- Career ambitions differed between young men, who wish to find jobs as electricians, shop workers, auto mechanics and computer programmers, and young women who are more interested in working as beauticians and tailors.

- Status and cultural norms also play a role in career paths. The term "blue collar" is pejorative, and service positions are not held in high regard. For example, while nurses are in high demand, most youth are not interested in pursing this path.

- On the other hand, government employment in India holds a place of high esteem. Government jobs are prized and many OSY are therefore pressured by parents to sit for exams for government service. However, participants believed that the most secure jobs in government had to be "bought."

- For many, entrepreneurship and self-employment are an attractive alternative to government and private sector jobs. Several participants expressed a desire to start a small enterprise such as a local shop. This avenue, however, is challenging due to the lack of capital available to many OSY.

Hope for the Future

- The youth interviewed believe that beyond just income and an improved quality of life, jobs bring respect and improve social image. Many expressed a feeling of defeat over their unemployment, and stated that without a job they do not have an identity. As a result, when asked which specific jobs they were seeking, many said that any "respectable" job would be very welcome.

- Overall, the participants in all focus groups have hope for the future. At present, their poverty is their main "curse." These OSY have heard the success stories of others, but do not yet have any of their own. Their hope and enthusiasm for seeking training and education, therefore, is tempered by frustration with the current situation and pessimism about the non-merit-based aspects of getting a job in India.

Figure 2-2: Cultural Issues Facing the Workforce in India:

- A premium is still placed on government jobs among the less privileged
- An aversion to blue collar jobs
- Cultural immobility
- Discrimination against women
- An aversion to rural work
- Little worker loyalty in new high-skill industries

2.3 WOMEN AND WORKFORCE ISSUES

Any discussion of workforce issues in India also needs to address issues concerning women's employment. According to the Indian National Sample Survey Organization (NSSO), from 1999--2000, there were 124 million female members of India's workforce. This constituted about 30 % of the total Indian workforce population; of the females, more than 88% were rural female workers. The female workforce participation rates were 29.5% for rural areas and 12.4% for urban areas.

The majority of women in both rural and urban areas of India are employed in the informal sector, which is characterized by low productivity, minimal incomes, and a lack of economic and social security. In rural areas, 87 per cent of women are employed in agriculture as laborers and cultivators. In urban areas, about 80 per cent of the women workers are employed in household industries, small trade and services, and building and construction. A worrisome trend is the increasing informality of women's employment in all sectors and most regions. Labor laws are difficult to impose in the informal sector, particularly when the workers lack the ability to organize themselves.

In the corporate and government world there is a marked absence of women in higher level management positions, though there is a growing trend towards hiring women for junior management-level positions. By and large, neither large-scale employers nor government have been very responsive to the workforce needs of women. Most organizations do not offer women the benefits of flex-time labor, or provide workplace crèche facilities. Sexual harassment is a serious and largely unresolved problem.

Focus groups with young unemployed women, conducted by the Assessment Team, revealed the following:

- Women want to learn vocational skills through access to part-time courses
- They want jobs equal to those held by men
- They have been exposed to some successful Indian women, who earn a good salary and serve as role models
- They want to have their own income, but at the same time take care of their families
- They would prefer part-time jobs in schools, hospitals, beauty parlors,
- They feel badly about not having access to capital or a place where they can initiate a small business, such as a beauty salon or tailoring shop.

Counting Women's Work. Women's work is an important contribution to India rural household production. However, the number of women who work is poorly captured or enumerated since most of the work they do is not remunerated and hence remains unrecognized. As a consequence, the rate of women's participation in the workforce is shown as low. The only source that reveals a high rate of women's participation is the time use survey that calculates the number of hours per day and hours per week women work.

Education is a basic indicator for women's equality and empowerment. Levels of female literacy, gender gaps in literacy levels, enrolment and dropout rates at the primary school level are relevant indicators. Health and survival statistics, such as survival of women and girls, anemia, and mortality rates, show how health and education are highly tied for women in India.

Rustagi (2004)

One dimension of the informal nature of work is the gender division of labour. Women, who may not be seen on the factory floor, work in household units along with their children.

Targeting Female Youth in Three Regions of India

The statistics show the distinct characteristics of women across the states and regions of India. For the workforce data, Jharkhand estimates are presented. For all other data, Bihar state was used as a proxy for the Jharkhand women. First, there is one caveat in interpreting this data. These statistics do not distinguish between rural versus urban areas within the state, a critical element in understanding the dispersion of these indicators. Yet there are important patterns that emerge from the statistics

Overall, workforce patterns of Maharashtra and Jharkhand are similar, with approximately 30-40 percent of women participating in the workforce. Similarly the gender gap, the difference in the participation rates of males to females, is similar, with approximately a 25 percent gender gap in workforce participation estimated for the two states.

Table 2-1 . Key Characteristics of Women in the Workforce by State

(as a percent of the total state population)

Key Target Regions	India	Maharashtra	Jharkhand/Bihar
Labor Force Participation Rate	30.3	37.7	32.2
Gender Gap	31.0	24.2	26.3
Female Literacy	54.2	67.5	39.4
Enrollment Ratio (1-5 grades)	85.2	112.3	61.5
Enrollment Ratio (6-8 grades)	49.7	80.4	22.1
Drop-Out Rates (Primary)	42.3	21.7	58.6
Total Fertility	2.8	2.5	3.5
Anemia Sufferers	51.8	48.5	63.4

These workforce similarities between Maharashtra and Jharkhand do not extend to the education profile of women in the two states. The educational profile of women in Maharashtra is considerably higher than for Jharkhand/Bihar, in terms of literacy, primary and secondary enrollment rates, and primary drop-out rates. It can be noted that enrollment rates for Maharashtra are some of the highest rates in the country and literacy is higher than the national average. However, this has not translated into higher workforce participation or employment for women. Such a finding points to distinct programming needs for the two states: 1) the need to promote gender access to employment in the state of Maharashtra,; 2) the need to support basic education for the workplace for women from Jharkhand. (Rastigi, 2005)

2.4 PROGRAM FOCUS AREAS FOR VULNERABLE YOUTH

Program options can be broken out by disaggregating the youth of India into different cohorts such as those detailed in Table 2.2 below. The table below also lists interventions meeting the needs of each of the segments of the youth population. It is important to note that the categories are not mutually exclusive. The table also includes examples of ongoing programs that focus on these areas, three of which, LABS, BYST and the CAP Program, are described in detail later in this section.

Table 2-2: Program Options for Vulnerable Youth (note that programs are illustrative and do not represent the full range of options)

OSY Major Demographic Categories	Program Focus	Interventions Examples Addressing Program Focus		
		Delhi NCR	**Maharashtra**	**Jharkhand**
1. Younger (15-18)	• Master core basic education competencies • Complete secondary school education by re-entering formal system or receiving alternate non-formal certification • Career counseling & employability skills • Vocational skills	PRAYAS CAP Teen Channel Don Bosco ITIs	CAP Teen Channel LABS Akanksha Community Polytechnics ITIs	Xavier Institutes Birla Polytechnic ITIs
2. Older (19-24)	• Gain alternative certification for primary/secondary school • Master employability skills and vocational / technical skills • Gain access to livelihood job or service learning opportunities	NOU Don Bosco CIDC ITIs LABS	NOU LABS ITIs	NOU Xavier ITIs
3. Lacking Literacy Competency	• Master core basic education competencies • Gain alternative certification for primary or secondary schools • Career counseling • Access to livelihood job or service learning opportunities	PRAYAS Don Bosco LABS	CAP LABS Akanksha	Xavier
4. Literate	• Gain employability skills • Master vocational/training skill competencies • Career counseling	PRAYAS ITIs CIDC	CAP LABS ITIs Polytechnics Community Polytechnics	ITIs (e.g. Tata) Polytechnics
5. Boys	• Entrepreneurship training and access to micro-finance • Life skills, employability skills, peace education • Career counseling • Youth leadership	PRAYAS BYST Don Bosco LABS	CAP LABS	Xavier
6. Girls	• Entrepreneurship training • Skills training for domestic or crafts industries or work in	PRAYAS BYST	CAP LABS	Xavier

OSY Major Demographic Categories	Program Focus	Interventions Examples Addressing Program Focus		
		Delhi NCR	**Maharashtra**	**Jharkhand**
	SMEs • Life skills, employability skills, peace education • Career counseling • Youth leadership	LABS		
7. Rural	• Skills training for traditional occupations such as agriculture, fisheries and forestry • Entrepreneurship training and access to micro-finance	ITIs NGOs	Mafatlal Community Polytechnics ITIs	Xavier ITIs
8. Urban	• Skills training for urban service industries and IT • Career counseling • Entrepreneurship training and access to micro-finance	ITIs Women's Institute BYST PRAYAS	Mafatlal Polytechnic ITIs	Xavier Tata ITIs Birla Inst. Tech.
9. Internal migrants	• Skills training for contract labor occupations • Awareness raising regarding anti-trafficking and child labor issues	CII - Planned Construction Industry - Planned ILO	ILO	
10. Children of internal migrants	• Alternative certification programs • Life skills, employability skills, peace education • Career counseling • Youth leadership	PRAYAS	CAP LABS	

2.5 NGO PROGRAM DESCRIPTIONS

This section highlights three model youth employment programs in India –Livelihood Advancement Business School (LABS), Business and Youth Starting Together (BYST), and the CAP project.

Livelihood Advancement Business Skills (LABS)
LABS, a vocational and life skills training model for older adolescents developed by Dr. Reddy's Foundation of Hyderabad and now also implemented by a DRF spin-off organization called Community and Progress (CAP), is a new-economy livelihood promotion and training program. It is custom-designed for school dropouts, unemployed secondary school graduates, street youth, retrenched workers, migrant youth and resettlement community members from the poorest 15 percent of the Indian community. This demand-driven program has trained over 36,000 youth (between the ages of 17 and 25) from economically weak backgrounds and placed them in the salaried formal employment sector. Over 100 major national and international corporations and business organizations and over 4,000 local small businesses and medium enterprises have provided entry level positions to these LABS alumni.

Each LABS program curriculum is designed after extensive research of market needs. The curriculum and practical training modules are tailored to address the concerns of corporations, businesses, NGOs and networks operating in that region. The learning environment provided by LABS is flexible, and facilitates the professional and personal growth of disadvantaged youth. In order to give these youth access to opportunities for sustainable livelihoods, the program offers:

- Remedial formal education;
- Career counseling;
- Personality development;
- Vocational skill development and apprenticeship opportunities;
- Placement services and sometimes mentoring..

Specifically, the program starts with an induction module with an emphasis on basic life skills. Program-specific training in technical skills linked to education and employability competencies follows. Upon completion of the coursework, youth may be introduced to work in their field in an apprentice capacity before being placed full time into industry.

The success of the program is, in large part, a result of the partnerships it develops between citizens, communities and corporations. Community leaders and employers participate from the start. In addition, corporate sponsors contribute significantly to funding the program – providing 2,500 Rupees of the total 3,500 Rupee per student cost. In addition, banks are increasingly making loans available to students to fund their training; students begin to pay back the loans only once they have completed the training and have found jobs. This model of loan funding can make such training programs sustainable.

Post-placement surveys assess the success of the training from the graduates' and employers' perspectives. These survey results show that seventy-four percent of the graduates have been placed in non-exploitative, career-oriented jobs. Eighty-two percent of the alumni further invest within a year through enrollment into higher technical or university education.

The LABS model has proven to transfer effectively between states and regions, primary and secondary cities. It also has been successfully transferred to Vietnam and is in process in Sri Lanka. Its greatest potential is in locations with job opportunities. Jharkhand and Delhi would both benefit, and focus group participants in Delhi (where there is currently only a very small LABS program) identified a real demand for such a program in that city.

Both Dr. Reddy's Foundation (DRF) and CAP sponsor a program for younger underprivileged adolescents called **Teen Channel**. Teen Channel provides remedial formal education, life skills, career exploration, and pre-vocational skills training to those under 16.

Business and Youth Starting Together (BYST)
BYST is a program offering seed capital and mentoring to unemployed and underemployed youth between the ages of 18 and 35 from families with less than 500 Rupees ($11) per month in income. The program has built a strong partnership with the private sector in fostering youth entrepreneurship at the grassroots level.

Youth qualified for the program submit applications to BYST directly or through vocational schools, entrepreneurship training institutions or NGOs. When necessary, BYST assists with the formulation of these proposals. The BYST program supports ventures in the manufacturing and service sectors.

When a proposal is approved by BYST, youth receive seed capital as a loan without being asked for financial down payments or collateral. The interest rate is a special one offered to small businesses. These loans, averaging 50,000 Rupees per person, may be used alone or in conjunction with financing from banks or other financial institutions.

In addition to seed funding, BYST provides a range of business development services and BYST-trained mentors, who give guidance until the venture has taken off. The program uses two mentoring models – the "one-to-one" model in urban areas and "mobile mentor clinics" in rural areas. The one-to-one mentoring follows the "Guru-Shishya" tradition where the teacher not only teaches, but guides and helps develop the disciple. The mobile clinics consist of five or six mentors from diverse backgrounds who visit a cluster of entrepreneurs once a month. The program has trained 3,000 mentors across the country since its inception.

Currently, BYST funds 120 youth annually, and to date 1,200 ventures have been launched. Payback on the loans has a default rate of only 5 percent. While most ventures are small, there are some exceptions, and while only 30 percent of the youth funded are women, these women make up 50 percent of the "high flyers" that have rapidly grown their ventures.

Currently, BYST is operational in six regions of India – Delhi, Chennai, rural Haryana, Pune, Hyderabad, and Rural Maharashtra. Program staff is now training trainers in additional organizations, as well as in other countries. As has been demonstrated by its success, the program is feasible in both rural and urban settings. However, its small numbers raise some concern about the scalability of this model. Because of the mentoring, it is not an inexpensive approach. BYST is limited both by its ability to recruit good mentors and by limitations in funding. However, program staff believe that finding and training mentors does not pose the challenge that finding donors does. The funding issue is being addressed through a trust born of employer donations.

The CAP Project
The CAP Project, Linking and Learning Livelihoods, is an initiative designed to reach out to adolescents at risk through a holistic education program to develop confident individuals capable of self-directed growth. It is similar to the LABS program described above. It focuses on the most vulnerable and difficult to reach youth and women in the hardest to reach segments of the community. Project target populations are groups such as street youth and rag pickers, adolescents working in hazardous conditions, school dropouts, domestic workers, migrant populations, and victims of conflict, violence and disasters. The CAP Project offers these youth and women:

- Integrated learning modules that include life skills and academics;
- Long-term career option pathway exploration; and
- Access to market-oriented livelihood opportunities.

Based on the experience of the CAP Project to date, the potential for success and sustainability is excellent. In its six-year history, the CAP Project has worked in 115 communities, helping 100,000 youth in urban, rural and tribal settings across India. It has grown beyond India, with livelihood reconstruction projects for tsunami-affected youth in Tamil Nadu, Sri Lanka, and will soon launch an effort in Indonesia. CAP also has had success working with trafficking victims in Mumbai and Nepal, street children in Vietnam and refugees and migrant workers in Bangladesh and Sri Lanka.

3. ECONOMIC ENVIRONMENT AND DEMAND-SIDE ISSUES

Section 3 analyzes the demand side issues of the disadvantaged unemployed youth in India. It begins by describing those industries with the greatest employment potential for vulnerable youth - construction, retail trades, hospitality and other service industries, medical and education, and agribusiness/food processing (3.1); summarizes focus group interviews with business leaders about their perceptions of workforce education and training needs (3.2); profiles the role that Indian labor unions play in workforce development (3.3); and describes the workforce policy environment (3.4).

The Indian economy is growing more than eight percent per year and diversifying into many new industries. With this diversification, the types of career opportunities available are changing rapidly, and they require a skill set substantially different from what was necessary in the past. In addition, as barriers to trade are relaxed, India faces ever-fiercer competition from hungrier and more agile economies like China. At the moment, India is keeping pace by absorbing a backlog of under-utilized talent, but soaring wages for the most highly-skilled candidates, frequent job changes and ever more employers complaining that they can't find the right people, all seem to indicate that the pool of such individuals is rapidly drying up.

For the purposes of this assessment, it is important to look not just at economic growth, but rather to focus squarely on employment growth. Those industries with the highest economic growth are not necessarily the ones that will contribute large employment numbers of the type needed to absorb the most vulnerable segments of the population. On the other hand, there is an argument to be made that some high economic growth industries like IT, financial services or value-added manufacturing enable growth across industries. Tata Motors, for instance, estimates that, for every factory-floor worker it employs, 14 more jobs are created for drivers, mechanics, dealers, parts makers, gas station attendants, etc. While not ignoring these aspects of job creation, this assessment is oriented more toward those industries with the highest potential direct employment growth – indirect and "enabled" growth is notoriously hard to count. Three primary criteria were used to determine the sectoral focus areas:

- Direct employment growth rate
- Potential volume (scale) of employment – real numbers
- Impact on vulnerable youth

Some industries such as financial services are experiencing rapid growth, but that sector falls short of the above criteria on the volume of employment that is likely to be created and on the feasibility of hiring large numbers of vulnerable youth, as defined in this report. However, there are some indications about the openness of the sector to hiring 12th pass graduates as rural bankers once there is an adequate number of instruments targeting rural people to be sold.

> Weighed down by antiquated labor laws, shabby infrastructure and economic reform issues, India is now grappling with a tricky problem that will take a generation to solve: an acute shortage of skilled workers. How can this be when half the 1.2 billion population is below the age of 25? Given that India has 40 million unemployed, why are human-resources chiefs going crazy trying to hire people? India churns out 3.6 million graduates every year. But industry estimates indicate that only a quarter are employable. In the first such survey, the India Science Report said recently that 63 percent of unemployed graduates are science graduates. "It's not lack of demand for them. They are just unemployable. India's poor human capital is a real problem that will hinder economic growth," said Pratap Bhanu Mehta, ex-member of the Knowledge Commission set up by the government to improve the Indian workforce.

3.1 MARKET PROFILES

Organized vs. Unorganized Industries

Before delving into the characteristics of specific industries, it is useful to discuss some of the peculiarities of how India defines its broad business groupings. Rather than the more internationally recognized concept of formal vs. informal sectors (based on whether or not an enterprise pays taxes openly); India makes a regulatory distinction between organized and unorganized business sectors. The organized sector is defined somewhat formally in India as a combination of the public sector and those private sector companies with over 100 employees and who are covered by the Factories Act. In essence, it means large companies in traditional industries.

Held back by restrictive policies and an emphasis on traditional industries, private sector organized employment has been stagnant since 1996, and has actually declined from 87.5 million in 1998 to 84.3 million in 2002.[13] . At the same time, machinery, chemicals and textiles posted double-digit growth in the past year, with beverages and tobacco-related products not far behind.[14] It is important, therefore, to draw a distinction between economic growth and employment growth. In recent years, the organized sector appears to have picked up momentum alongside the economy in general, but employment growth has substantially lagged behind revenue growth as the organized sector fueled its expansion primarily through capital investments and higher productivity.

The Other India. They contribute nearly 45 per cent of the national income. They work in all sorts of trades, whole families together. They work in the fields; they work as artisans, head-loaders, construction workers, brick kiln and quarry workers, and glassware or brassware workers. They work the year round with no regular employment and are not entitled to any social security benefits. They toil for more than eight hours a day, without the luxury of weekend holidays. They number around 30 crores, yet they are not part of any organised system of work. They are not on any list, register or muster roll. Anonymous contributors to the national income, they form the other India at work, invisible to the glitzy, high-tech environs of the India on the move.

The major source of employment generation by far is the unorganized sector, with more than 92 percent of the workforce. In addition, the labor intensity of unorganized manufacturing is nearly 10 times that of organized manufacturing, and labor elasticity is more than three times higher, i.e., for every 10 percent increase in revenue, the unorganized sector posts a 2.1 percent increase in employment while the organized sector posts only 0.66 percent.[15] Both for reasons of scale and future employment prospects, it is clear that any workforce interventions in India must focus on the unorganized sector.

Leading Employment Growth Industries

Leading employment growth industries include construction, retail trades, hospitality, IT, other services, medical and education, and agribusiness/food processing.

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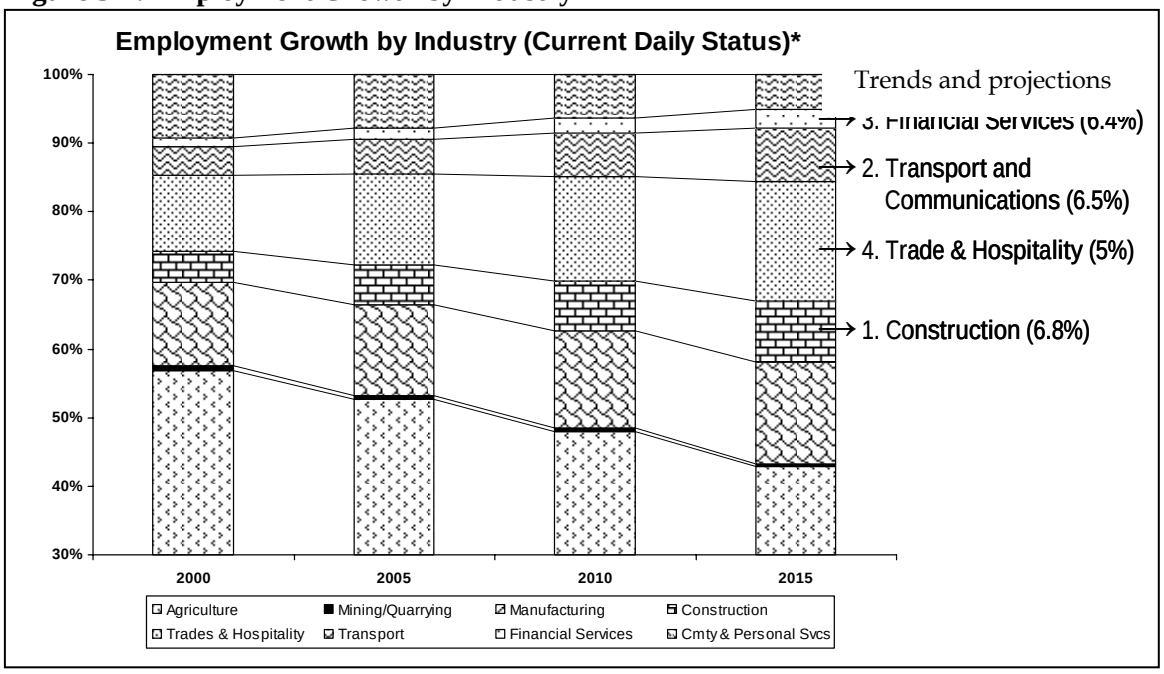
[13] Industrial Data Book, CIER.
[14] Ministry of Commerce and Industry, IndiaStat
[15] S.P. Gupta, Report of the Special Group on Targeting Ten Million Employment Opportunities per Year over the 10th Plan Period, 2002.

Figure 3-1: Employment Growth by Industry



Source: Vision 2020, Planning Commission, 2005.

1. Service Industries

The growth of the middle class is creating a more consumer-oriented society that drives the growth of retail trades, but it also is contributing to increased demand in other labor intensive services like domestic support (drivers, maids, cooks, security guards) and professional trades (plumbers, electricians, carpenters, etc.). Retail and distribution trades alone employed approximately 41 million people.[16]

Tourism and hospitality fall into the same category. This sector in particular has been identified as a priority sector by the government for the obvious reason that India has high tourism potential but substantially lags behind other countries in Asia in economic activity in this sector (India has only 2.2 million tourists per year). Tourism is an important sector for generating employment because of the major multiplier effects of tourism and hospitality on other industries – notably restaurants, retail trade, transport and other services – and its tendency to support employment intensive infrastructure development.

Tourism and hospitality provide jobs that require little formal education, and are ideal for vulnerable youth who can master basic employability skills such as communications and customer relationship skills. Nonetheless, there are cultural and regional limitations to many of these jobs. For example, women in many cases are not encouraged by their families to work in hotels because of a rather negative image of those careers; also, serving others is still not considered a preferred occupation to many, even if the market values it more highly than a simple desk job.

[16] 10th Five-year plan, Planning Commission Interim Report.

2. **Medical and Education Services**

Demand also is growing rapidly for jobs in healthcare services and education. Existing facilities and personnel are inadequate to meet this growing demand – so much so that one health professional in Pune estimated a coming shortage of qualified nurses in the range of 80 percent (which will be particularly pronounced in rural areas). The Indian population seems more and more prepared to pay for these services on their own. However, shortages will likely result in driving up costs and putting some essential services out of the reach of the general public.

On the surface, nursing or teaching jobs are not likely targets for the most vulnerable segments of unemployed youth. However, recognizing existing and impending labor shortages, programs are being proposed to train and place youth para-medicals and para-teachers throughout the country. With approximately 600 districts in India and a move toward expanded health services, universal elementary and secondary education, this could mean a need for over one million para-medicals and possibly even more teachers in the coming years. The biggest bottleneck would be to providing quality training and certification to that large a number of new recruits.

3. Construction

India's sustained high level of growth has also spawned a construction (buildings and highways) boom. Like services, construction is a labor-intensive industry, but one that requires an increasingly skilled workforce. Currently estimated to employ almost 21 million full-time workers, the actual number employed is probably significantly higher given that many workers only work at construction trades for a few months each year (usually in between harvests) and many others are likely to fall under the self-employed category. The Planning Commission estimates that the number of people employed in construction will rise to more than 40 million by 2015. The chief bottleneck to improving workforce productivity in the construction industry is a lack of skilled and certified people.

4. Agribusiness and Food Processing – A Special Case

Agribusiness, food processing and transport are all industries that one would normally expect to be well organized and significant contributors to economic and employment growth in an economy like India's. Restrictive policy and regulatory barriers at the national, state and local levels, however, hold these industries back.

The situation in food processing is particularly egregious. India is the second largest producer of fruits and vegetables in the world, but only two percent of that production is processed and approximately 40 percent of it goes to waste, mostly through spoilage or damage en route to the market. Processing of those products would minimize waste, add substantial value (regardless of whether it is exported or not) and bring non-farm businesses to smaller cities and towns.

Post harvest losses are estimated at 50,000 crore rupees annually (approximately US $11 billion), and two percent processing capacity is absurdly low compared with 30 percent in Thailand, and 80 percent in Malaysia.[17] Some of the explanation for this is a lack of reliable energy and infrastructure for cold storage and smooth transport, but many other countries face similar constraints and still manage to process more of their food production. Perhaps the biggest constraints are local and state level transport restrictions and border controls. These add both cost and time – an appalling combination for the transport of perishable commodities. Another constraint is that food processing and related industries were generally reserved for small-scale industries. This reservation was lifted several years ago, but little has been done to encourage the development of large-scale investment in this sector.

[17] Aluwalia, Montek, Chairman, Report of the Task Force on Employment Opportunities, 2002.

5. Opportunities for Small Scale Entrepreneurship

India has been involved in entrepreneurship development and training for decades. By some measures, India has the highest number of entrepreneurs in the world, and the second highest per capita after Thailand. Rural and urban youth often seek to become entrepreneurs but frequently lack business training and/or access to capital.

Effective small-scale business development needs many links in a chain of development: awareness of opportunities development; identification of viable business ideas; start up training and assistance/mentoring; and financing. Great entrepreneurship programs will have all of these links. Weaker programs tend to concentrate on writing a business plan – which often becomes a terminal essay like a thesis and fail to provide the student with access to finance and mentoring support. Many programs also do not fully assess market potential and end up providing training for products that are easy to produce but also have limited demand and limited income potential (e.g., pickles and fruit toffees). This is particularly the case for programs targeting women.

Linkages between Employment and Financial Sectors: The Caste System. Increased mobility is the hallmark of a developing economy. Although individuals might be tied to the land, they are born on and the occupations that they inherit from their parents in a traditional economy, the emergence of the market allows individuals to seek out jobs and locations that are best suited to their talents and abilities. India lags other countries with similar size and levels of economic development in terms of geographical mobility. Moreover, caste based labor market networks have locked entire groups of individuals into narrow occupational categories for generations. In research by Munshi and Rosenzweig (2003, 2005), within the *jati* (sub-caste) systems, financial lending, marriage and occupation are tied together. Continuing discrimination can make it difficult for certain groups to rise beyond their traditional status. Such research points to the need to integrate financial, employment, and social services in order to address these traditional social issues of India.

3.2 BUSINESS PERCEPTION

Business executives interviewed in all industries and regions covered were unanimous of the opinion that India is not producing workers with the high-quality skills needed to meet modern workforce needs. They say this is a problem of both relevance and quality. Many executives pointed to a lack of key communication, inter-personal and critical thinking abilities rather than any specific technical skills. This was true even of heavily manufacturing oriented groups. “Our style of work is changing. We are getting more automated and need to keep pace and adapt. It is imperative to bring in new people who can adapt with it. This is a major workforce adjustment. We need people who can operate in a team environment; people who can analyze a problem and solve it with little outside guidance,” said a Senior Training and Development Manager in a Large Corporation. .

While technical skills are still important to the bottom line of most companies, there seems to be a growing sense that this is something industry itself must help provide. The areas that are growing in importance and where businesses feel less comfortable in their abilities to train effectively are skills such as teamwork, enthusiasm, basic communication and presentation skills, English speaking ability, basic numeric and computer literacy, innovation and critical thinking. A related finding comes from a 2002 FICCI survey that listed the top three concerns of employers regarding the current state of vocational education as:

- Not aligned with ground realities
- Poor curriculum
- Inadequate vision.

In an attempt to compensate for these perceived weaknesses, employers frequently hire people whose qualifications, at least on the surface, appear to exceed the requirements of the job. The Business Development Manager of a temporary services company (with more than 10,000 employees), says that 70 percent of their people have a graduate degree or higher. "Not because they need it for what they are asked to do. It's because the companies insist on it." He speculates that in most cases, since there are enough graduates still out there, it is simply a convenient cut off to stem the flood of thousands of CVs. Other executives and Human Resources Managers maintain that hiring at least those with a 10+2 qualification improves the chances that new hires will have better developed communication and presentation skills. Even with this cohort, however, he says only 30 percent of those who apply are actually qualified for the job.

Given the increasing difficulty of finding good people, employers are intervening more frequently and more directly in vocational education to help ensure that students are learning the right things and that both students and teachers get more practical experience. The Taj hotel chain runs a hotel school in Aurangabad. Tata subsidiaries run two top-class ITIs with virtually 100 percent placement and provide seed money for a technical college run by the union. Similarly, a survey by the FICCI of its members found 45 companies with corporate social responsibility programs oriented specifically for education. One third of them were working on general education issues, 10 on IT and/or science and technology initiatives, and 9 on vocational training programs.

Business Executive Focus Groups
Participants included five senior executives from Reliance Industries, Bharti Enterprises, DCM group's chemical industry, and two large, state owned enterprises.

- The participants believed that the education system in India has suffered for being too urban centric. They felt, however, that education is one area where the private market has been effective in supplying services despite considerable odds.
- The system is not geared to meet local economy needs, and seldom offers training that would make a student employable.
- Workforce recruitment in rural areas and even medium sized towns, therefore, is often a problem. Local populations are seldom well trained, despite the presence of engineering colleges and institutes offering technical diplomas. As a result, recruitment in most cases is centralized in the urban centers and workers are transferred far away.
- As employee attrition levels rise (30-35 percent), training becomes essential and expensive because of the stead stream of fresh employees who always need more training.
- There is a great deal of concern about meeting future workforce needs as each industry foresees 10-12 percent annual growth necessitating hiring additional workers.
- Salaries for entry level positions vary from Rs 3,000 to Rs 6,000 (US $70 to $120).

3.3 UNIONS

Unions in India are mostly aligned to political parties. They are active in the organized sector, though much less so in the unorganized one, and they are fairly powerful. They have been conditioned to public sector employment and working with state owned enterprises (SOEs), and have been slow to adapt to changing dynamics in the private sector. Some states are notorious for disruptive union activity and employers newly locating are prone to avoid those states. One common problem is call outs for general

strikes and "sympathy" strikes where workers at contiguous factories are forced to strike their employer in sympathy for a dispute unrelated to them.

A history of aggressive union behavior has led many employers to show reluctance in hiring blue collar workers with low education as they feel that such workers are more likely to be influenced by union agitation. Some employers interviewed flatly stated they preferred to hire degreed people and train them in vocational skills, because a degreed new hire would be less likely to engage in unionism then a traditional "blue collar" worker.

3.4 THE POLICY ENVIRONMENT

The policy environment for business and labor is restrictive, but tremendous pressures are building for the reform of outdated policies that are impeding the normal growth of healthy industries. Chief among these voices for reform is the national government's own planning commission. Policies identified by the planning commission as in need of reform include:

- Contract Labor Act 1970
  - Doesn't permit contracted or temporary workers beyond a limited number of days
- Industrial Disputes Act 1947
  - Doesn't allow retrenchment or bankruptcy
- Interstate barriers to commerce
  - Raises cost, time and spoilage of agriculture products
- Land distribution
  - Doesn't allow economies of scale in agriculture
- Reservations for small-scale industry
  Doesn't work and limits the ability of enterprises to compete effectively

Over the years, Indian companies learned to adapt and union power declined. Firms outsourced manufacturing to outfits with fewer than 100 workers that weren't regulated by the law. They bought out older employees with generous voluntary retirement schemes, and then shifted to contract labor - workers hired for less than two years who aren't entitled to benefits and can't unionize. And since the labor law applies only to "factories, plantations, and mines," India's most entrepreneurial companies looked elsewhere -- giving rise to the country's vibrant technology service sector. As a result, the labor movement atrophied. Today, India has a workforce of some 450 million, but fewer than 10 million union members.[18]

Investment Promotion

India wants to be seen as "open to business," and friendly to foreign investment. However, in most industries entry is not as easy as in China due to the large number of regulations, bureaucratic corruption and the slow pace of processing applications.[19] States vary in attractiveness. Some have investment incentives, while others offer disincentives, with poor government attitudes toward business and the presence of strong labor unions.

India is still struggling with foreign investment policies such as permission for international shareholder loans and "protected" industries. However, the sheer numbers of the burgeoning middle class and the relatively low wages for English speaking "brain power" are sufficient to attract international investment despite the hurdles. India is beginning to prove it as an exporter of goods and services, in particular

[18] Kripalani, Manjeet. How a Factory Became a Flashpoint. Business week August 8, 2005

[19] One entrepreneur who concurrently set up similar factories in China and India noted 3 days for all land, incorporation, building permits and licenses in China (a Shanghai new industrial zone) and 2.3 years in India's Harayana state.

goods destined to the Middle East and Africa. The drive to produce export quality goods is beginning to be a driving force behind improvement in local industry.

Stimulating Job Growth

The architects of the 10th plan mid-term review suggested a number of policy and regulatory reforms to stimulate job growth. How many of these actually get implemented is uncertain, but they include:

- Policies for the better utilization of land and water, including programs to promote the utilization of unused land.
- Promotion of research and extension services, particularly in agriculture.
- Programs to increase the work opportunities and productivity of female workers.
- Support to SMEs through modernization and guarantee credits, market development assistance, infrastructure development, testing labs, micro-finance, health care and skills development.
- Provision of universal access to primary and secondary education.
- Simplification of laws, rules and procedures regarding the set-up of educational institutions.
- Greater business participation in education – particularly vocational education.
- Increased public-private partnerships in developing tourist centers.

4 DYNAMICS OF INSTITUTIONS, PROGRAMS AND PROJECTS

Section 4 describes the capabilities of current Indian workforce education and training providers, including the formal primary and secondary education system (4.1 and 4.2); public and private sector vocational and technical education programs (4.3); the university system (4.4); and alternative non-formal education and training programs (4.5).

4.1 BASIC EDUCATION

Primary school education in India has benefited from the "Education for All" thrust of the 1990's toward universalization of basic education. Three main government programs were utilized to boost primary school enrollment: the District Primary Education Program (DPEP), which led into the *Sarva Shiksha Abhiyan* (SSA) program launched in 2001; the Teacher Education Program (TEP); and the National Program of Nutritional Support to Primary Education (the Mid-day Meal Scheme). These programs have been effective in reducing child illiteracy and improving primary school attendance and completion rates.

There has been an attitudinal change by the public favoring education for all. The PROBE report (Peoples Response On Basic Education), 1998 shows people want relevant quality education. All current studies show poor families now embracing the need for education – education is no longer thought to be irrelevant. The state of Maharashtra, annoyed with the high numbers of grade 5 students, especially in rural schools, who were functionally illiterate held the teachers responsible, forcing them to provide 3 hours a day after school for 61 days to bring the students up to par. Although hotly protested by the teachers, the requirement had both parent and government support forcing the teachers to comply. Results were excellent, and most students achieved prescribed levels of literacy.

The new UPA government has increased education funding by 70 percent. Also commencing in 2004, a two percent Education Cess has been levied on income tax, excise duty, customs duties and service taxes and will be used for financing quality basic education. Proceeds of the tax will go into a non-lapsable fund (*Prarambhik Shiksha Kosh*) to support the SSA and Mid-Day Meal programs.

The *Sarva Shiksha Abhiyan* (SSA) program reduced the number of out-of-school children from 42 million at the beginning of the Tenth Plan to 23 million by April 2003, and to 8.1 million in September 2004. The programs developed strategies to provide education access to street children, working children and differently-abled children.

The period of 2001 to 2005 saw arrangements to open 137,000 new schools, construct 80,000 school buildings, 192,000 additional classrooms, 748,000 new elementary teachers and 180,000 EGS/AIE instructors. Funding has been mainly government provided, 75 percent from the central government and 25 percent from states;[20]

The government and World Bank recently have completed a review of primary school teacher supply and pre-service and in-service teacher training. There are recommendations for external agencies to monitor teacher training and for local Village Education Committees (VECs) to involve the communities in monitoring school performance and hold institutions accountable for student outcomes. A shortage of teachers has resulted in local unemployed youth being recruited as para-teachers, instructors and part-tine teachers under SSA/DPEP. Their

[20] 10th Plan mid term review October 2005 Chapter 2: Human development

performance has been good – often better than regular teachers-which has resulted in a proposal to upgrade them to regular teacher status.

MADRASAS

There are in India an estimated 40,000 *madrasas* catering to a million students in the 10 – 24 year age group. These are largely poor, rural, Muslim and male populations. They offer primarily religious education, although some include some modern subjects while others try to offer their state's formal academic curriculum, at least in the lower grades.

These Muslim seminaries have for more than eight hundred years in India provided free education to the very poor, and continue to do so. They seldom receive government funding or support; Most operate on donations from the members of the community, but community members and parents typically have little say in what happens at the *madrasa*.

4.2 SECONDARY EDUCATION

The success of universal primary education has put extreme pressure on the secondary education system. Planners expected a 55 percent flow of primary school students to secondary school by 2005 and were shocked to see it now at 75 percent, with an anticipated 85 percent flow rate by 2010. This has spurred an urgent need to build new classrooms and train teachers. Secondary school enrollment is approximately 50 million.[21] Planners expect 11.5 million secondary school students to graduate in 2005 – a contrast to 22 million in total graduates in the past 50 years. Expansion will require construction of new schools and classrooms adding 326,000 new secondary school classrooms and laboratories and the hiring of 358,600 new teachers.[22]

Indian industry and the World Bank have been advocating for changes in the secondary school syllabi. This has resulted in a government decree to include a vocational track in the regular secondary school curricula, with the goal of graduating 12th pass students who have technical skills but can also problem solve, think creatively, and work in teams. New curricula, methodologies and massive retraining of teachers are necessary to achieve this goal.

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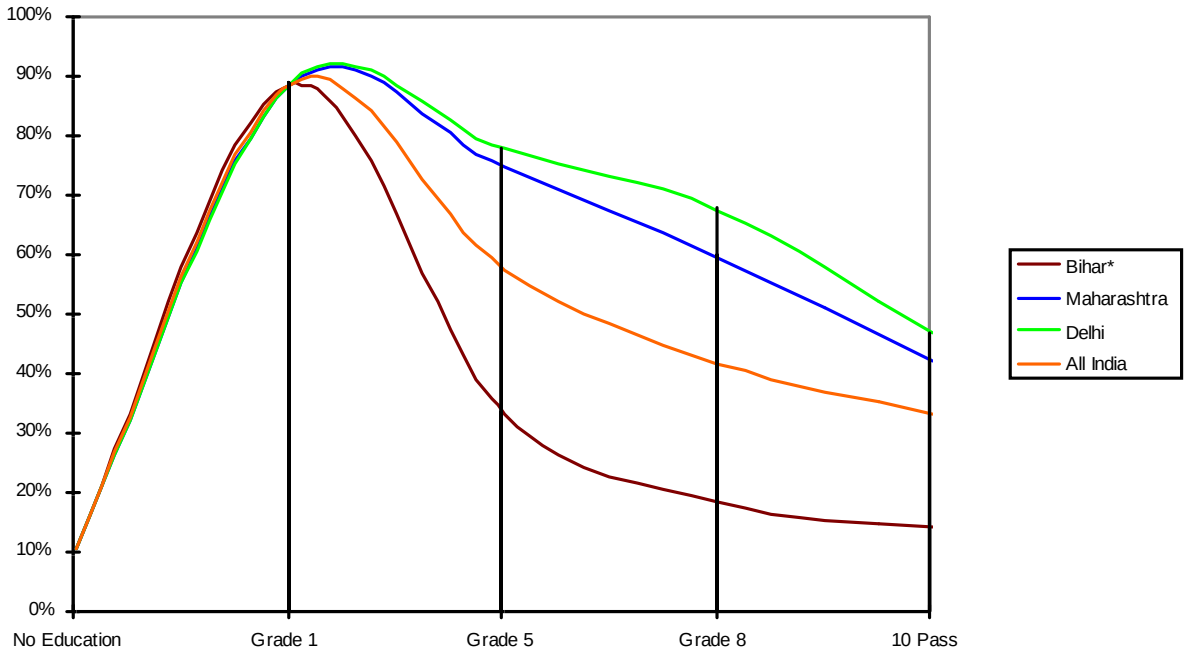
21 Tenth Plan mid term review 2005 and interview NEPA – National Institute Of Educational Planning And Administration - Prof Marmar Mukhopadhyay (Director) November 22, 2005

22 Interview November 21, 2005 with NEPA – National Institute Of Educational Planning And Administration - Prof Marmar Mukhopadhyay (Director)

Figure 4-1. Percentage of Youth at Different Education Levels (2002)



(Gross enrollment rate as a percentage of total enrollments)
(Source: Ministry of Human Development, 2002)

Private Secondary Schools

Partly owing to the desire by parents for their children to learn English, and the perceived low quality of many governments run local language schools, private sector secondary schools are flourishing. Of the 138,000 secondary schools, 58 percent are run by the private sector. The share of private unaided schools as a percentage of total secondary schools increased from 15.17 percent in 1993-94 to 23.56 percent in 2001-02; while the share of government sector and government aided schools declined by nine percent during this period. Parents have the perception that education in the private sector is superior. The current government is in favor of increasing private sector participation in secondary schools, if only as one way to help meet the demand for seats, and is considering favorable tax and land policies to encourage it. This will leave the government free to concentrate its resources on opening new secondary schools in underserved and difficult areas, organizing second shifts in thickly populated areas and upgrading existing primary schools to secondary schools in specified locations.[23] However, private schools vary tremendously in quality, and there is no effective government oversight or regulation.

Uniform Structure Needed

Currently, the duration of secondary education varies by state. Most states have 2 years of secondary (grades 9 and 10), but 9 states have 3 years and Nagaland has 4 years. However, all states have 2 years of higher secondary education. The 10th Plan Mid Term Review Committee recommends a uniform education structure of 10+2+3. The first stage would be general education with languages, science and mathematics. The higher secondary stage (+2) would provide courses that integrate academic and

[23] 10th Plan Mid Term review Ch2 Human Development. Government of India 2005

vocational content. In addition, vocational education would be a distinct stream at +2 preparing students for occupations targeted by industry.[24]

National Institute of Open Schooling (NIOS)
NIOS provide continuing education, including basic education and vocational training to those who have missed the opportunity to complete school. It has an enrollment of 120 million, and 2,500 study centers. The number of study centers has doubled since 2000.[25] NIOS offers basic education certificate programs for grades 3, 5, 8, 10, 10+2 completion and 10+2 combined vocational certificates; it appeals to girls, women, working men and women, youth from scheduled castes and tribes, handicapped and other disadvantaged groups and rural youth. NIOS has accredited 731 training providers to deliver vocational education programs. These included the *Jan Sikshan Sansthan* (JSS) – adult literacy and vocational training run by NGOs and funded by the Ministry of Human Resource Development, Government of India. Courses may be taken in conjunction with academic subjects. Of the 85 courses offered, 12 are open to students with less than Grade 8 completion, and 54 require at least Grade 10 completion.

4.3 TECHNICAL AND VOCATIONAL EDUCATION

The new government plan for vocational education calls for greater flexibility, quality, mobility and close linkages with industry specific components of the plan include:

- A separate vocational education secondary school stream for 10+2;
- Modular competency-based course curricula with multi point entry and exit;
- Demand driven courses based on the training needs analysis of employers;
- Recognition of prior learning (both formal and informal) through a skills testing and assessment system; and
- Nationally recognized certification provided by the National Competency Testing Agency (NCTA).

The central government also has been active in restructuring its skills qualifications authority. There now are national exams for most trades, which serve to give prospective employers a level playing field for comparison of student performance. There has been criticism that the authority has been hard pressed to keep current with developing skill standards and examination for new technology – based industries, such as biotechnology

4.3.1 Post Primary School Skills Training Programs

4.3.1.1 Industrial Training Institutes (ITIs)

Operated under the Department of Labor, the Industrial Training Institutes (ITIs) meet the labor market demand in skilled blue collar trades. ITIs can either be sponsored by the government or the private sector. Students who complete ITI courses get certified based on their ability to pass a government examination.

ITI Profile
- There are 5,114 vocational schools (ITIs), covering 98 vocations. Course duration 1½ to 3 years.
- Students can enter at grades 8, 10 and 10+2 (pass)
- 1,893 are run by the government (400,000 students).
- 3,218 are with the private sector (346,000 students).

[24] 10th plan ibid
[25] 10th plan ibid

ITI Problems

The World Bank found low external efficiency in the ITIs with less than 50 percent of the graduates receiving employment in the formal sector in 2003. The World Bank found the following:

- Management of the system is fragmented, although the system is relatively small;
- Institutions have few incentives to improve their performance;
- Until recently, it has been difficult to detect the influence of industry on the institutes;
- Poorly trained teachers and outdated training curricula;
- Limited access for part-time students;
- Single skill curriculum focus.

An ILO study in 2002 found poor placement rates among graduates; many graduates choose to become apprentices after graduating from a 2-3 year program because of the small stipend the apprenticeship program pays. A system that takes perhaps 5 years to produce an electrician or plumber is not as efficient as it could be. The government is aware of these criticisms, and recently has begun to introduce reforms into the ITI system. Curricula are beginning to be developed in collaboration with industry; there is a growing emphasis on preparing multi-skill workers and introducing a framework of part-time courses and open entry and exit for students.

Maharashtra

In Mahrashtra, the team saw a few excellent ITIs that had developed a close liaison with industry. Even then these ITIs encountered difficulty getting full-time employment for their graduates in the formal economy due to restrictive labor laws.

National Capital Region

The Delhi National Capital Region currently has 71 official ITIs, of which 16 are government and 55 are private. The total capacity in 2005 was 8,972 seats, of which 2,924 were in private institutions. Four new ITIs are planned, of which one is for women only. There are 52 courses offered. Course length ranges from 1 to 3+ years. Some of the Delhi ITIs appear to be well run, with industry experts advising on curricula. Enrolment is up from 5,979 in 2004 to 6,380 in 2005. Of the graduates, 30 percent opt for self employment and 70 percent opt for apprenticeships.

Jharkhand

In Jharkhand in 2005, there are 20 government and 22 private ITIs catering to 13,742 students and offering a total of 31 programs. Two of the governments ITIs are for women only. There are 9 districts uncovered with government ITIs. The government institutions are just beginning to organize management committees with employers, but there has been relatively little interaction with industry, reflected in a low (68 percent) employment rate for graduates.

Jharkhand state is now requiring industries planning expansion in the state to have an MOUs with the government that include provisions to establish ITIs. The private sector ITIs in Jharkhand that are run by large companies, such as Tata, are of high quality.[26] The government sector ITIs have great difficulties due to lack of vision, teacher shortages, outdated curricula and equipment and teachers who are not trained in the vocational skills they are expected to teach.

[26] Two Tata ITI s were visited and found to be of superior quality

4.3.1.2 Apprenticeship

The central and state governments in India sponsor apprenticeship programs for graduates of ITIs, college and university graduates, and graduates of post primary technical/vocational schools run by the Ministry of Education. The government's apprenticeship program is known as the Student Apprenticeship Training Scheme (SATS), and it is administered by the Ministry of Human Resource Development (MHRD) and the Department of General Education and Training (DGET)

Apprenticeship programs represent another level of certification for aspiring workers. Educational institutions such as ITIs are entrusted with the responsibility of placing students in industry apprenticeship situations. Apprenticeship training can last from 6 months to 4 years, depending on the occupation. At the conclusion of the apprenticeship, students are required to take a government sponsored exam to receive certification. The government covers most of the costs of the apprenticeship program; however, students also are required to pay a nominal fee.

There are 3 types of apprenticeships: engineers with degrees may enter as "Graduate" apprentices; engineers with diplomas may enter as "Technician" apprentices; and vocational education graduates may enter as "Technician (Vocational)" apprentices. The minimum age for an apprentice is 14, and grade prerequisites vary from grade 8-12.

4.3.1.3 Employer-Led Training for Out-of-School Youth

There are employers who hire for positions that do not require a university degree. These include McDonald's, Pizza Hut, security agencies, the construction industry, the growing health care industry which needs orderlies, lab technicians, nursing aids and home health care workers, nannies and housekeepers, etc. Even the BPO industry is beginning to hire 12^{th} pass graduates who speak adequate English. McDonald's and Pizza Hut have their own training and career path systems. Employers in steel manufacturing and construction industries also often train their own personnel. Some companies have their own schools (such as Tata) to supply workers for their factories.

Best Practice Case Summary : Tata and CIDC
A number of institutions claim to be actively building job skills and linking their participants to the job market, but only a few are doing it in a systematic way. Some good examples include:

- Tata Motors
- Construction Industries Development Council (CIDC)

Tata has effectively become a source of training for an entire automotive supply chain linked to its brand name vehicles.

CIDC, a group of industry and government representatives, has undertaken a program to assess, build and certify skills of individuals in the construction trades, not for the benefit of one or two companies, but so that the overall industry can have access to skilled labor of certified quality

The unique feature of these programs is that they are private sector led, but not designed exclusively for the benefit of the designers or the funding organizations of the program. Tata's approach is particularly instructive. Though it was originally developed as a closed program that simply trained students to build quality vehicles, Tata soon realized the need to also train those who supplied the parts, sold and repaired their cars.

4.3.2 Tertiary Level Vocational Education Degree Program

Tertiary education level vocational education degree programs include: polytechnic colleges, community polytechnics, community colleges, and university degree programs. In addition, there is an extensive degree granting distance university system.

4.3.2.1 Polytechnics

A polytechnic is a 1-3 year diploma granting institution providing technician level education that is beyond the level provided by the ITIs. Both government and privately run polytechnic colleges provide vocationally orientated diploma-based programs for students who have completed grade 12. The polytechnics are supported by the government departments of education and higher education, and offer students who successfully complete the first year a chance to ladder-up into a university degree program. Curricula at polytechnics tend to be more theoretical than practical. Historically, polytechnics have not created strong linkages with local industry, but there are excellent private sector examples such as Mafatlal in Mumbai.

4.3.2.2 Community Polytechnics

Community polytechnics are subsidiaries of polytechnics intended to provide support for rural/community development activities. Currently, there are 672 in the country. Community polytechnics are managed by a community board. Their curriculum combines basic academics with vocational/technical education, and is targeted to meet the development needs of their communities. The institutions exist mostly in rural areas. They offer short courses and provide a certificate. They have few formal entry requirements, and target students ages 14 to 35 years old. Community polytechnics are proving highly effective in providing youth who have dropped out-of-school with a second chance opportunity to develop marketable skills.

4.3.2.3 Community Colleges

At present, India has 135 privately-run community colleges. The authors of the 10th Plan Mid-Term Review praised community colleges as "success stories." This success is attributed to the ability of community colleges to be flexible and responsive to both community and employer needs.

Typically, a community college will have local

How would you define a community college?
It is a place that makes people fit for a job. It is an alternative system of education to empower the socially, economically and educationally disadvantaged. Here, we concentrate more on skill development based on each individual. Anyone can join - school dropouts, degree holders who want to learn a particular skill - we even have students from the rural areas. Anyone from the age group of 16 to 47 years can enroll.

What is this 'alternative' system of education?
First, we concentrate on teaching life-coping skills. This covers self-esteem, motivation, time management, dealing with loneliness and failure - a complete attitudinal formation of the individual. Second, we have a dynamic relationship with employers. So far, formal education and industries have been like a railway track, they never met. But with community colleges, they are very much a part of the process. An internship is a must for everyone, because we believe that hands-on experience is invaluable. Here, we follow a reverse process as compared to formal education. We conduct a complete analysis of the employment scene and see where people are required. We have assured job placement.[27]

[2727] Dr. Xavier Alphonse, Director MCRDCE in an interview to Mylapore Times June 4 2004

governing boards comprised of key members of the community (civil society) and local employers. Community colleges are known for providing an educational “second chance” for the adult learner (age 18+). They usually are open to students with all levels of educational achievements, administer outreach programs for the community, and maintain close linkages with employers. They usually offer market relevant curricula mix, and opportunities for on-the-job vocational and technical training.

Table 4-1: India Vocational/Technical Training Options

Institution	Entry Level Requirements	What is Learned?	Job Placement? Yes or No	Certificate/Duration	[28]Available in Delhi, Maharashtra & Jharkhand
NGO Literacy and Skills Programs	None	Basic literacy and basic vocational skills	Some	Local certificates / Short term programs	Yes
NGO Bridge / Vocational Skills Programs	Usually grade 8-10 pass	Grades 8, 10, 12 academic content, plus one or more employable skills	Usually job placement or self-employment assistance	Often the alternate grade level certificate plus a vocational certificate 3 months - 2 years	Yes
ITI (government) or ITC (private sector)	Grade 8,10 or 10+2 pass depends on entry criteria of skill set	From 30-150 different trades from painter to machinist, & some service trades	Job placement, apprenticeship placement	Certificate and diplomas 3 months -2 years	Yes Delhi and Maharashtra now into part-time training
Community Colleges	Open to mature students age 14+	Blend of academics and vocational skills that respond to local demand	Job placement, self-employment assistance	Location certifications Short–term and part-time course	Not evident more in Punjab and AP and Tamil Nadu
Community Polytechnics	Open to mature students age 14+	Blend of academics and skills that respond to local demand	Job placement self-employment assistance	Local certifications/ Short-term and part-time courses	Maharashtra
Polytechnics	Grade 8,10 or 10+2 pass; depends on entry criteria of skill set	From 30-150 different trades and technologies	Depends on the quality of the institution. Better ones do provide job placement and self-employment assistance.	Certificates and diplomas 1-3 years Polytechnics also have ladder where some credits applied if student wants to continue.	Yes
Institutes of Technology (private and public)	10+2 plus entrance exams	Varies, but engineering and IT dominates	Depends on the quality of the institution. Some very good at including on-the-job work experience plus placement assistance.	2 year diplomas and 3 year degrees. Only public sector can give degrees so far. Also have linkage to technician level apprenticeship	Yes

[28] It is important to note that although these options may be available, there may be several constraints about limited seats, numbers of programs and their locations.

Universities and Subsidiary Colleges	10+2 plus entrance exams	Varies but engineering, MBA and IT popular	On campus job recruitment	3 year degrees plus masters Some universities have PhD paths.	Yes
National Open School System	Primary through 10+2	Alternative academic education, plus 54 vocational skills which may be accessed at 10 pass level	No	Grade and skill completion certificates	Yes
National Open University System	10+2 open entry	Part-time open, along various degree paths	No	Bachelor and Masters degrees	Yes
Specialty State Owned School & Institutes	Varies	Many ministries and industries have their own training institutions, e.g. mines, railway, medical, electricity, rural	Some do	Certificates, diplomas 3 months – 2 years	Yes
Apprenticeships	8+	Over 150 skills listed	Yes	National or state exams for "journeyman" certification 6 months – 4 years	Yes
Assessment of Informally-Learned Skills	Open to adults	About 50 skills so far, but expanding	No	National skills certification	Yes
Employer Schools	N/A	Varies from MBA to IT to specialty workforce programs	N/A	Industry certification – some degree links such as Motorola MBA.	Yes

4.4. UNIVERSITY EDUCATION

Various forms of universities exist: state and central government funded; deemed universities; and colleges and technical institutions. There has been a significant growth between 2002 and 2004-05 in the number of universities in India:

Table 4-2: Growth of Higher education System in India*29*

	As at March 2002	At Mid term Appraisal of 10th Plan 2004-05
State / Central universities	133	229
Deemed universities	27	95
Colleges*	12,342	16,000
Women's colleges	1500	1650
Enrollment	7.5 million	9.228 million
Funds allocated	25 billion	41.76 billion

* academic subsidiaries of universities

Table 4-3: State-wise Enrollment in Universities and Colleges, 2002-2003

Location	Total	Women	percent Women
Delhi	172,218	79,220	46
Jharkhand	197,349	59,994	30.4
Maharashtra	1,258,195	515,868	41
Total All India	9,227,833	3,695,954	40.05

Source: University Grants Commission, Delhi

Most universities, through their affiliated colleges, offer degrees in science, commerce and liberal arts – there can be general programs and programs (Pass course) with specialization (Honors). Some of the better known and larger universities also offer degrees in engineering, medicine and management besides other non conventional courses. The quality of university education is however of serious concern. There are a very few good universities which offer modern and professional courses – the rest mostly run basic science and arts courses that do not prepare students for productive employment. Many universities have introduced work placement and industry liaison programming, although many others remain isolated from industries that could employ their graduates.

In 1998, the Universities Grants Commission brought in an innovation, allowing students to earn a University degree that combines academics with vocational skills. It has been deemed to be successful, but 50 percent of the students still go on to a master's degree. 45,000 students per year opt to pursue this program which now offers courses in 31 vocational skills.

Technical education receives special status. This category covers courses in programming and engineering, technology, management, architecture, town planning, pharmacy, applied arts and crafts. Centers of excellence exist in the Indian Institutes of Technology (IITs) and the Indian Institutes of

[29] 10th Plan Mid term review 2005

Management (IIMs). At the same time, there are Institutes that offer very poor quality of engineering or management education - graduates from such institutes are equally disadvantaged in terms of employability skills.

Table 4-4: Growth and Intake of Technical Education Degree Institutions*30*

	Institutions		Students	
	April 2002	March 2004	April 2002	March 2004
Degree Level institutes				
- Engineering & Technology	1,057	1,265	295,796	380,803
- Pharmacy	274	320	13,941	16,410
- Architecture	107	107	3,972	3,408
- Hotel Management	40	49	2,100	2,640
Post graduate level institutes				
- MBA.PGDM	819	958	65,102	71,251
- MCA	865	1,034	40,797	65,338

Private Universities

Private universities tend to be a delicate issue. University status is usually an act of parliament or legislature – as is common practice in many Commonwealth countries. There is recognition at senior government levels that specialty schools at bachelor and graduate levels are necessary elements that sometimes can best be provided by the private sector. Private institutions often can be more flexible and quick to respond to emerging employer needs than government academia.[31] NIIT and APTECH are cited as role models. The Private Universities Establishment and Regulation Bill, which has been stalled since 1995, is soon to be presented to Parliament as enabling legislation. It will lay down broad guidelines for ensuring academic standards, prevention of commercialization and mismanagement, and encourage greater investment in higher education by the private sector.[32]

[30] 10th Plan Mid Term review 2005 Chapter 2 Human Resources

[31] Interview NEPA – National Institute Of Educational Planning And Administration - Prof Marmar Mukhopadhyay (Director) November 22, 2005 and interview

[32] 10th Plan Mid term Review Chapter 2 Human Development 2005

4.5 ALTERNATIVE NON-FORMAL EDUCATION

4.5.1 Traditional Skills Learning

Many youth who drop out of school learn skills by serving informal apprenticeships with "masters" who may be parents or relatives. For example, in the construction industry, plumbers, carpenters and brick layers tend to be family trained. Skills are learned on the job as a youth progresses from raw laborer to assisting "masters."

4.5.2 NGO Bridging Programs

Many NGOs provide OSYs with skills training and job placement assistance. Training and placement efforts tend to be focused on "soft skill" areas such as nursing assistant, sales clerk, hospitality worker, data entry, computer graphics, or automotive repair rather than blue collar jobs in factories which are subject to severe labor restrictions. Some NGOs cater to self-employment in the non-formal sector.

Many NGOs are funded under government schemes such as JSS of the Ministry of Education and Human Resource Development, which subsidizes 158 NGO institutions, and covers 600 districts. JSS funded NGOs administer non-formal education programs that blend basic literacy with the needs of the skill set being taught. JSS boasts many high quality NGO programs such as PRAYAS, LABS, and CAP Teen Challenge.

The NGO sector also has been active in youth entrepreneurship and helping young people develop small and medium size enterprises (MSME) training. The first formal Indian youth entrepreneur training institution, the Entrepreneurship Development Institute (EDI), was established in 1983 by Dr. Patel in Gujurat. It had links to the USA via the University of Michigan. It is still a premier center, advising and assisting public and private institutions on SME and MSME training. (See Section B for program examples of model NGO programs for out-of-school youth.)

4.5.3 Open University System

Part of the solution to greater university access is seen to be expansion of the open learning system and utilization of EDUSAT. Indira Gandhi National Open University (IGNOU) is the central Open University for the country. There also are 11 affiliated state open universities - which enjoy considerable freedom to offer courses in local languages and use diverse media delivery systems. IGNOU has over 120 million registered students. Its most popular courses are business administration and information technology.

IGNOU and state open universities are very popular with lower middle and middle class youth who have to find employment after grade 12, but still want to pursue a university degree. IGNOU tends to use English (or Hindi), whereas the local open universities have the advantage of catering to populations in their local languages. The Maharashtra Open University is considered one of the most successful and innovative. It offers many programs in self-employment and livelihood skills for rural youth.

Perhaps one reason for the popularity of the open universities is the scarcity of part-time courses elsewhere. Many out-of-school youth have family responsibilities or hold part-time menial jobs and cannot go to school full-time.

The open learning system boasts an educational satellite, EDUSAT. However, to date it has been sparsely used. Experts interviewed felt lack of content is the main problem with the low utilization of EDUSAT. Some state open universities are using local TV channels for broadcasts; although efforts to date are considered crude. Radio appears to be working very well for IGNOU and state open universities, and is an excellent way to reach the rural population. However, despite the existence of media based

courses, India's distance education system remains tied to print with little or no utilization of new education technologies such as e-learning, CD Roms, etc.[33]

Given the general view that distance education cannot provide hands-on experience vital for vocational training and skills development and the lack of information on placements of open university graduates, it is difficult to comment on the effectiveness of distance mode of vocation training.

[33] Ibid

5. KEY FINDINGS, STRATEGIES AND RECOMMENDATIONS

This assessment has examined a wide range of issues related to workforce development in India: the youth and their labor market expectations; the characteristics of specific target audiences and geographical regions, with specific reference to Delhi, Mararashtra, and Jharkhand; the economic environment that shapes workforce programs; and the training and service institutions within the public and private sector, and their ability to be responsive to private sector. This composite picture of the demand and supply of the labor market, the information that shapes the market and the institutional response to the market are the main components of this assessment. This summary presents the key findings of the report and develops an overall strategy in terms of workforce development for USAID/India. In so doing, the report identifies key programmatic opportunities to link workforce development to other sectors of activities, to form a cross-cutting and multi-sector approach to workforce development within USAID India.

5.1. THE TALE OF THE NEW-OLD ECONOMIES OF INDIA

Since the 1990s, a dual economy has been developing in India. Highest growth has been concentrated in the 'new economy' services sectors, like information technology, telecommunications and finance. The Indian IT sector has flourished due to comparative advantages in relatively low cost skilled IT engineers and government policy. Throughout this report, Delhi, with the highest economic growth rate in the country, well describes a city with a "new economy". Its booming retail, hospitality, tourism, construction and services sector are evidence of the "new economy" now in full swing in India. New trade and foreign direct investment policies enabled this "new economy", inviting global partners in this new economic growth.

In stark contrast is the "old economy", one that is most often tied to the manufacturing, mining, infrastructure and agricultural sector. These traditional sectors of the economy continue to produce goods under traditional, and most often obsolete, modes of production, and have significant foreign investment constraints in terms of infrastructure shortages, government regulation, and foreign ownership. Jharkhand exemplifies the "old economy" with traditionally organized manufacturing and mining industries and unorganized employment in the agriculture and infrastructure sectors. Jharkhand and other rural provinces have extremely high rates of unorganized sector employment, over 90 percent of all employed persons. Often referred to "the other India", the unorganized sector of the economy contributes nearly 45 per cent of the national income. Its laborers work in all sorts of trades, whole families together. They work in the fields; they work as artisans, head-loaders, construction workers, brick kiln and quarry workers, and glassware or brassware workers. They work the year round with no regular employment and are not entitled to any social security benefits. They toil for more than eight hours a day, without the luxury of weekend holiday. (ILO, 2006).

India is often depicted under this dual dynamics—where the old and new economies are completely independent, devoid of any interaction. Such an approach does not do justice to their distinct roles. For it is well-documented that the urban-based new economy that creates the economic growth, but it is the old economy, and particularly, the rural economy, which generates the most employment. Maharashtra is a good example. The rapid economic growth of Mumbai is generating demand for services and products of smaller towns and the rural agriculture remains a critical jobs generator in the state. Agricultural employment runs around 60 percent in two-thirds of the districts of the state. In so doing, Maharashtra has generated the top employment growth of all states for the last six years, and is second in terms of enterprise growth.

And so the tale is simple. For balanced employment and economic growth in India, one must foster the urban and rural linkages within sub-economies. There is an enormous danger in leaving the old economy behind, as it is the main driver of jobs in the country. Maharashtra can once again be quoted with respect

to balancing economic growth through the new economy and employment. Under such a scenario, one must discuss the New-Old Economies of India, linking traditional rural employment sectors to the robust growth of the new economy. This approach places priority on rural and urban migration, and the building of key relationships between large and small business throughout the country.

5.2 YOUTH EMPLOYMENT AND MIGRATION: RESPONSES TO THE MARKET

This economic backdrop largely shapes the overall context of youth in the labor market of India. For today's rural youth is tomorrow's urban migrant. Migration and urbanization rates are on the rise. It is anticipated that by 2010, employment in agriculture will drop to less than 50 percent of total employment. The demographic swelling of youth population has been estimated at 60 percent of the population under the age of 30. Young women are entering the workforce at higher rates of participation, particularly in urban-based areas. Key characteristics of these youth are provided, with special reference to three targeted areas of Delhi, Maharashtra and Jharkhand.:

- The unemployed youth (ages 15-24) are a socially and politically vulnerable group, but not a monolithic cohort. There are at least four major sub-sets of unemployed youth – poorly educated rural youth, poorly educated urban slum dwellers, early school leaving migrants, and the educated unemployed who may be urban, rural or small town. A strategy to address issues of youth unemployment must take into account the different education, training, and employment needs of each of these sub-groups.

- The three target areas offer a distinct youth profile in terms of education and entry points in the employment system. The educational profile largely reflects the urban-rural bias of education in the country. For youth from rural areas, around 80 percent of these youth have left the formal education system by the end of primary school. This is key issue in terms of Jharkhand and its heavily rural areas. Maharashtra, both in terms or rural and urban areas, provides a much better education profile, with primary school drop out rates low compared to the rest of the country. (20 percent). Delhi has the highest educational profile for youth with drop-out rates of 6 percent. However, for urban slum dweller in Delhi, these drop-out rates are much higher.

- A second key characteristic of youth is gender, particularly as it relates to labor force participation and access to employment opportunities. Yet it is important to remember that female labor market participation in large cities has been climbing for the last decade. Secondly, the statistics continue to under represent the participation of women in the workplace, in that rural household production is not included in the definition of labor force participation.

- Good jobs exist in India in many areas and employment in many sectors is growing. Unfortunately, youth are not prepared for these jobs, due to the poor quality and lack of relevant workforce education and training programs that create serious skills mismatch, and now emerging skills shortages in key growth sectors, such as construction, information technology, and services sector.

- The skills mismatch extends to all levels of youth, no matter the educational level. For most youth of India, finding a "good" job, one in the organized sector is a major challenge. Neither the education system nor labor policy provides a smooth transition to the labor market.

- Lack of access to part time continuing education and training is a major constraint to the workforce development of many unemployed youth. Many out-of-school youth have family responsibilities or work part-time in menial jobs. They are eager to gain access to part-time and flexible entry/exit educational opportunities that will help advance their employment prospects.

- Many youth develop workforce skills through real life experience working for their parents or community. Yet there has been little way to gain formal recognition of these informally learned skills.

- Youth unemployment and underemployment, particularly in rural areas, largely explains the large migration in the country. Within India, there are huge migrations of people from the rural areas to the cities. Delhi and Mumbai each have a net annual migration of 250,000 persons. Usually migrants, many of whom are young people, do not have employment secured before they move and receive no preparatory training or orientation apart from the learning from the experience of their peers.

- Workforce participation by youth is often constrained by cultural beliefs that certain occupations (e.g., working with one's hands to serve others) are unfit for them to do.

- Therefore in Jharkhand, the programmatic focus should be on youth in the rural areas; both the large numbers of primary and secondary school dropouts, and the unemployed secondary school graduates. In the National Capital Region (Delhi) and Maharashtra, the focus should be on urban slum dwellers and rural to urban migrants.

5.3. LABOR MARKET DEMAND

- Industries with the greatest labor market demand include construction, retail trades, tourism, hospitality, domestic service industries, medical and education services, trade occupations (such as plumbing, carpentry, electricians) and agribusiness/food processing.

- The unorganized sector (firms of less than 100 persons) represents the greatest source of employment, employing more than 92 percent of the workforce.

- Corporate business executives point to the need for greater employability skills in their workforce, including mastery of basic literacy and numeric skills, inter-personal skills, communication skills, IT skills, and critical thinking skills, in addition to the necessary core technical or work competencies.

- Employers often hire over-qualified applicants. This practice is used as a screening device of private sector for the large numbers of jobs applicants, as well as some private sector businesses believe that with a degree, a youth is more likely to have core employability skills. Such a practice does not promote skill competency and further limits access to jobs for those youth who have dropped out of primary or secondary school.

- Firms do not distinguish youth by skills in the recruitment and hiring process, but rather use education credential in sorting the youth during the application process.

5.4 KEY DYNAMICS OF THE WORKFORCE SYSTEM

All these new dynamics place enormous supply pressures on the education and training system, a system that is in crisis simply responding to the new economic demands. Given the tremendous challenges on the current workforce system, the assessment identified key issues facing the system:

Workforce System

- There is a disconnect between a formal education system that emphasizes traditional academic content and the demand from industry for productive labor skills. This disconnect is a major reason for high unemployment among educated youth, and also is a major constraint to economic growth. Workforce education does not encourage teamwork, critical thinking, problem solving or values useful to a workplace oriented to productivity. Also, it is not oriented to specific skills, such as English, or technical skills demanded by the workplace.

- The current government plan to "vocationalize" the secondary education curriculum is excellent, yet these efforts have just begun and require large-scale reforms. This curriculum reform effort, if successfully implemented, could have a strong positive impact on the ability of secondary school graduates to meet the workforce needs of the modern Indian economy.

- Technical/vocational training institutions need to be responsive to the labor market needs of the new economy by creating new courses and providing trainers who can teach to new skill needs. The current system is out-dated, not linked to market demand, and graduates have difficulty finding decent employment.

- Industry has begun to work much more closely with the vocational education sector in the design of workforce relevant education and training programs. This trend needs to continue and expand; in short, there needs to be a marriage between private sector and the training institutions.

- Industry has the ability to provide for the technical training of its workforce. However, it should be a priority responsibility of formal education system to prepare their students to master core employability skills.

- Private sector training institutions, including NGOs and for-profit institutions, fill an important niche in the training market, providing services to marginal youth (NGOs) and for technical, non-university training (for-profit institutions).

- The current Indian workforce economic policy environment is based on old-world manufacturing and worker protections versus a new economy based on human capital, outsourcing, and technology.

- The development of the Indian workforce (as well as the economy) could be greatly accelerated if the government were to dismantle policy and regulatory barriers to national competitiveness, including inefficiencies in the contract labor act, limitations on interstate commerce, and policies that restrict production in certain sectors to small-scale industries.

5.5 USAID INDIA AND WORKFORCE DEVELOPMENT STRATEGY

The USAID Mission in India supports four main objectives—economic growth, health, disaster management and educational/equity. Alongside these primary programming objectives, there are a wide range of global programs that address HIV, environment, and governance. Within these broad program topics, there are a wide range of activities that touch on workforce development. In fact, the training of workforce within the wide range of sectors—be it financial markets, environmental programs, government ministries, or the educational-health system—are all parts of workforce development in the country. Each sector has enormous needs in terms of human resource priorities, effective training of staff, and organization and management of their respective workforce.

This begs the question—what are the main synergies and cross-cutting issues of workforce development within these sectors? The assessment provides an opportunity to identify new ways to integrate programming through workforce development, whereby projects would cut across these broader programmatic objectives. The assessment team worked alongside key USAID staff to understand the current program and identify specific cross-cutting program activities that address the wider objectives of USAID India.

That being said, the main objective of the assessment was to examine the main parts of the workforce system—the unemployed youth entering the system; the economic environment shaping the system; and the training providers and institutions—and identify the key new dynamics that are facing the youth workforce in the 2lst century. As requested by USAID India, the scope of the assessment was narrowed to examine under-educated, at-risk youth, concentrating in three representative areas of the country: Delhi, Maharashtra, and Jharkhand. In so doing, the assessment opens the door to workforce in India by examining vulnerable youth in the education/training system—the main target area of the fourth USAID program objective, that of promoting equity/education in India. This is the first filter of the analysis. Additionally, the assessment identified the cross-cutting issues from the other sectors, thus integrating institutional linkages, common target audiences and best practice elements from other sector projects, and incorporating them into the programming strategy. From this exercise, the assessment developed recommendations for a workforce development program in USAID India. Two main components shape this strategy: 1) the broader objectives of all workforce development programming in USAID India; and 2) the specific objectives of programs under Education/Equity which include cross-cutting activities to incorporate other sector objectives, institutions and activities.

5.5.1 Workforce Development Strategy for India: Building a Bridge through Better Communication on Workforce Skills and Competencies

The greatest challenge of a workforce development program is that the diverse actors—the youth, the training institutions, and the private sector—do not speak the same language. The vocabulary of training and education institutions—specific skills and competencies—are often foreign concepts to the business person whose main interest is the bottom line. For the business leaders and firm bosses, they are clear on what the specific workplace tasks yet have very little understanding of the technical or generic skills requirements associated with these tasks. They simply view the youth as "unskilled labor" not distinguishing the skills requirements of the entry level positions within a workplace setting.

On the other hand, training and educational institutions that actually provide the instruction use specific words on skills and competencies, types of curriculum and training technology, vocabulary that is highly education-specific. These institutions have the know-how to train, yet not necessarily the ability to communicate effectively with the employers to better understand the needs of the enterprise and the flexibility of workers within the workplace setting. Additionally, the need for structured feed-back and interaction between these the firms and the training institutions are critical aspects for making effective demand-side oriented training.

Finally, it has been proven that youth and their households must be active participants in this process. There are a host of youth concerns regarding training—it is too far from the home, the youth must help out with household responsibilities—that determine youth participation in training programs. Learning to communicate with youth and their parents requires listening as well as talking, and language that reflects the household of the youth—be it in rural Jharkhand or urban Delhi.

This is certainly the case in India, where neither firms nor the education sectors adequately prepare youth for the workforce; and youth's expectations of the market are skewed by their point of entry—the service sector. Additionally, the occupationally-driven standards and certifications make for highly technical jargon used within the training system, almost incomprehensible by private sector business leaders and owners. One of the most important lessons learned in the worldwide reform of education and training

systems is that there must be better communication between demanders and suppliers of training, between youth and firms; between government and NGOs, and between large companies and small companies. Building a bridge to improve understanding and communication on workforce development is a first step in changing traditional practices of training, recruitment, hiring, and expectations. This communication thus leads to a "marriage" between the private sector, the training institutions and youth, and allows for the distinct actors to contribute to the process.

In doing so, priority should be given to building greater communication between these different actors in terms of the specific core skill competencies oriented to education for the workplace, or emphasizing critical skill competencies for recruitment and new entrant training. For example, many countries have developed "employability skills" which identify the specific skill requirements to enter the labor market. In the context of India, these employability competencies might include numeric skills, communication skills, and problem-solving skills. A second example is "core competencies" for a specific industry sector. These competencies allow the private sector industry to distinguish the specific skill levels in a range of competencies, such as technology, basic communication or mathematics. Under such a system, training and education institutions are accountable to private sector business and parents, in terms of the quality and relevancy of the skills training. A system of competencies, even the simplest one, allows for accountability and transparency in the workforce system. India is just now developing these skill competencies. These skill competencies allow an alternative system to the education credential, and are critical in terms of building communication between the key actors. The main priority is to develop simple and straight-forward competencies that enhance communication, empowering private sector and youth to be part of the process, and promoting communication between these various institutions and stakeholders in the process of workforce development.

Secondly, there is a need to better include youth and their households into the workforce development programming in the country. Specific attention should be given to youth and their participation in training programs. Gender issues, other household risks and rewards, and parental attitudes and expectations are central in understanding when and why youth participate in youth and employment programs. These issues differ between rural and urban youth. Programming requires specific attention to these youth and household issues that largely shape their participation in training and outreach programs.

5.5.2. Workforce Development Program and the Equity/Education Sector in India

One of the most immediate questions posed to the assessment team was how to build an integrated workforce development strategy that crosses various sectors and programmatic objectives. Working alongside the USAID India staff, the assessment first identified one area of entry to address workforce development issues in the country, in this case, equity/education sector. This strategy is oriented to providing employment opportunities for underprivileged vulnerable youth, through improving and expanding access to workforce education and training, and to enhancing quality of the education and training providers.

To a large extent, the assessment provides the main information and analysis of these vulnerable groups, and identifies specific needs, economic factors and institutional issues that shape the delivery of workforce education/training to these youth. Based on these findings, three main recommendations can be made regarding workforce development and vulnerable youth programming:

1. **Active labor market programs for all skill levels of youth.**

The main challenge for all employment training programs is to establish the linkages between demand and suppliers of training. Often referred to the "marriage" in training, building a relationship between private sector demand and youth and institutional supply is the critical part of active labor market programs. To a considerable extent, the private sector must take leadership and be educated in the process; the training institutions must become better listeners and more flexible; and the youth and their

parents must revise their expectations in the process. Active labor market programs are simply that—establishing programs and projects that identify specific decisions and provide specific information for the private sector, the providers of training and the youth in the skills training process. These linkages that can be established through partnerships and twinning programs are the critical elements of demand-driven training. They require a long-term commitment by industry leaders and training institutions, and an active participation and voice for youth in their own programs. India is now at a cross-road regarding this change of attitude—that of the active role of the private sector, institutions and youth in planning, implementing and evaluating skills programs. It is recommended that programmatic priority be placed on this active linkage between the private sector, providers and youth.

2. Promotion of institutional transformation.

Accompanying this process is the reform and transformation of education and training institutions to be more oriented to the workplace. This institutional change process happens at different speeds in the public and private sectors. Throughout the NGO community there are many new and small projects that are currently developing this workplace orientation. Additionally, the reforms of public education—curriculum change to support workplace education, the extension of secondary education, and the reform and expansion of vocational and tertiary education—are all critical aspects of increasing coverage and relevance of education/training to the workplace. Assisting in this transformation is an important role for donor agencies. Providing assistance in materials and curriculum development, promoting skills competencies and best practice to clusters of providers and networks of NGOs, testing and demonstrating scalability of these new projects and institutions are all parts of such assistance. It is recommended that USAID India focus institutional strengthening to assist in this transformation, particularly with institutions committed to equity/education goals.

3. Priority on "second chance" programs.

One of the special niches that USAID funded programs have filled throughout the last decade is in the "second chance" programs, where non-formal education and training are provided to unemployed youth. Within the formal system and large donor financing of the multilateral institutions, there is little room for the fine-tuning and customizing of these niche programs. USAID's flexibility and long-term track record in funding these vulnerable populations make it an important niche area for investment of education funds in the second-chance programs, projects that provide hope from the despair of an education system fraught with poor quality and large amounts of leakage in the system. Moreover, the best practice elements of these "second chance" programs adopt many of the same elements of active labor market programs, through the direct involvement of youth beneficiaries and private sector employers, and interactive and short-term non-formal education methods. By building on the expertise of USAID in these programs, and enhancing them by critical/core skills competencies and the elements of active labor market programs, USAID India would be establishing itself as a leader in demand-driven youth employment programs in the country.

5.6. PROGRAMMATIC OPTIONS AND CROSS-CUTTING ISSUES

Within these broad programmatic recommendations, there is a need to identify how these objectives relate to specific target audiences and specific regions of the country. This sub-section provides illustrative programmatic options that can be considered by USAID India when planning program activities. Alongside this, specific cross-cutting issues have been integrated into programming within the Education/Equity sector. For purposes of exposition, these program options are detailed by the three main geographical target areas, Delhi, Maharashtra, and Jharhhand, as well as by four sub-target audiences of vulnerable youth. This discussion provides the specifics to give a better understanding of the above recommendations.

Table 5-1 presents these various options under the main objectives and target beneficiaries. To streamline the presentation, active labor market programs and second chance programs are integrated. As discussed above, merging these models into a new package of demand-driven youth employment education and training would enhance the overall effectiveness of these projects. In short, the main programming activities revolved around employment education/training that is linked to specific private sector demand through partnership programs; or self-employment programs. Additionally, institutional strengthening to specific workforce institutions is proposed, specifically in the fields of critical skills competencies, health and safety, and workforce rights. Gender is incorporated into the programs, in order to encourage wider access to women into the labor market in India, both in traditional sectors of employment and in information technology and health field sectors. The specific options are more fully discussed in Annex A of this report.

Each of the options is discussed in terms of cross-cutting themes that are can be incorporated into the activity. The main areas of intersection are in the following: Agriculture, Anti-Trafficking, Equity, Education, Health, Employment, Child Rights, Gender and Partnerships. Additionally, self-employment activities can easily integrate microfinance and savings/investment activities within these spheres. This list of possible options in sector programs is illustrative of the type of sectoral linkages in programming workforce development issues. Future research would allow greater specification and synergies from the various sectors that overlap with workforce development, particularly competitiveness, labor policy, information technology, wage remittances and finance.

Specific options include:

- *Options 1 and 3:: Rural village employment education*: This program would provide basic awareness training for out-of-school rural youth (particularly those who have dropped out of school) about the kinds of employment opportunities available to them at the village level- ranging from starting their own businesses to gaining skills that will enable them to help meet basic community needs such as carpenters, mechanics, and para-teachers. It also could help youth and their families become aware of the kinds of skills that young people can learn to provide value added to family businesses such as farming. Awareness raising activities would be followed by targeted training, the provision of micro-credit for enterprise financing or the purchase of start-up tools and supplies.

- *Option 2: Labor market information/skills training for out-of-school migrant youth*: Taking advantage of the high demand for construction workers and the fact that labor bosses currently recruit from rural areas, there is an opportunity to work with contractors to better prepare and place out of school youth (OSY) in construction industry jobs. Suggested training would entail short basic skills training at point of origin; occupational and health and safety training at point of origin; assistance in job placement; and orientation to the migrant's new city and social services. Such a program could be implemented by NGOs or by the continuing education departments of community colleges and community polytechnics. Programs would target youth who migrate to urban areas to work as domestics, nurses, home health care workers, and in other service industry occupations. It would strengthen the ability of migrant placement agencies to provide pre-migration placement and training, orientation to the new urban area, and orientation to employee rights and recourse procedures. Such a program could be implemented by NGOs working with targeted placement agencies. It is important also to identify new occupations for women, ones that pay better but provide safe working conditions.

- *Option 4: A new workforce skills competency approach for post primary school education and training system and promote expansion and greater use of skills recognition/certification systems*: Employment possibilities and earnings potential for out-of-school youth can be increased through greater recognition and use of government and industry based skills recognition systems. This strategy should include expansion of recent efforts by both the government and private sector to provide recognition and certification of informally learned skills. It should enable OSYs with informally learned skills to quickly advance to higher levels of certification and employment. Such

an approach should be based on learning standards, jointly developed by educators and employers that encompass core academic employability and technical skills. Such standards should be capable of being flexibly implemented using a variety of implementation modalities, including formal, secondary schools, technical/vocational education institutions, industry-based training initiatives, NGO programs and self-study. Mastery of such standards should be associated with official educational certification; e.g., at the secondary school level.

- *Option 5: Initiative to upgrade education quality at Industrial Training Institutes (ITIs) and Polytechnics*: The focus of this initiative should be on making a paradigm shift in the way in which ITIs and Polytechnics operate: making them responsive to employers vis-a-vis the quality and relevance of their graduates. The initiative also should help ITIs and Polytechnics become more accessible to out-of-school youth by offering short courses and part-time diploma courses. Implementation of the program will focus on building the capacity of new employer-led governing boards, institutional managers and senior faculty.

- *Option 6: Development of a vocational teacher professional diploma*: This recommendation calls for a special program to quickly admit trade practitioners to teach effectively in vocational schools. The program would first provide a short basic "how to teach" course so that new full and part-time trainers can be comfortable in the classroom/training shop situation. The practitioner could then add competencies through part-time course modules to earn certification as a professional vocational instructor.

- *Option 7: Organization of a youth health and education service corps:* India's emphasis on expanded health care and the universalization of secondary school is going to create and enormous demand for health care workers and teachers the coming decade. The government could help meet this need through the organization of a youth service corps that would provide unemployed youth with the opportunity to serve as health and education for para-professionals. Central government support for such an effort could be matched with support from state and local institutions and the private sector.

Table 5-1. Illustrative program options to achieve Workforce Development Objectives: Active Labor Market Programs, Second Chance Programs, and Institutional Strengthening

Target Beneficiary	Key target characteristics	Main recommendations		Cross-cutting Issues
		ALMP- Second Chance Programs	Institutional Transformation	
Rural youth	Maharashtra Jharkhand Gender specific	Rural village employment education with alternative income strategy (Op.1) Rural Banking and Finance Training (Op 3)	Skills competency systems and certification including workplace health and safety (Op.4) Diploma certification of trainers in rural areas (Op. 6)	Agriculture Anti-Trafficking Equity Education Health Employment Finance Child Rights Gender Partnerships
Migrant youth	Delhi Mumbai Gender specific	Information/training to migrant workers—specific sectors: construction (Op 2)/ health care (Op. 2)	Skills competency systems and certification including workplace health and safety (Op.4) Certification of trainers (Op.4)	Anti-Trafficking Equity Education Health Employment Child Rights Gender Partnerships
Graduates—Senior Secondary and Tertiary	Delhi Maharashtra Gender specific	Youth service corps (Op. 7)	Key partnerships to upgrade education in ITI; gender promotion activities (Op.5)	Equity Education Employment Economic Health Gender Partnerships
Urban slum dweller (long-term)	Delhi Mumbai	Second chance programs—education for employment (Op. 5)	Certification of trainers (Op.4) Skills certification in critical competencies; workplace rights, health and safety	Anti-Trafficking Equity Education Health Employment Child Rights Gender Partnerships